

THE CITY OF ROCHESTER, NEW YORK
Comprehensive Annual Financial Report
Year Ended June 30, 2001

Prepared by:
Department of Finance

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ANNUAL FINANCIAL REPORT
Year Ended June 30, 2001
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Introductory Section



City of Rochester



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Mayor

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November 30, 2001

The Honorable Members of the City Council
The City of Rochester, New York

Ladies and Gentlemen:

In accordance with provisions of the City Charter, I hereby transmit the annual financial report of the City of Rochester as of and for the year ended June 30, 2001. The financial statements have been audited by the accounting firm selected by City Council, Deloitte & Touche LLP. The auditors' unqualified opinion is included in this report.

In each of the past seventeen years the City has been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). Certificates are awarded to those governments whose annual financial reports are judged to conform to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. It is my belief that the fiscal year 2001 financial report continues to meet the requirements of the Certificate of Achievement Program.

The preparation of this annual financial report could not have been accomplished without the dedicated effort of the Finance Director and his entire staff. Their efforts over the past years toward upgrading the accounting and financial reporting systems of the City of Rochester have led to the improved quality of the information being reported to the City Council and the citizens of the City of Rochester.

Respectfully submitted,

William A. Johnson, Jr.
Mayor





City of Rochester



Department of Finance

Office of the Director
City Hall, Room 109-A
30 Church Street
Rochester, NY 14614

November 30, 2001

**The Mayor
The City of Rochester, New York**

I am pleased to submit the Comprehensive Annual Financial Report of the City of Rochester for the fiscal year ended June 30, 2001. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The Comprehensive Annual Financial Report is presented in five sections: introductory, financial, statistical, single audit, and New York State and other awards. The introductory section includes the transmittal letters, the City's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements, combining and individual fund and account group financial statements and schedules, and the independent accountants' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and independent accountants' reports on internal control and compliance with applicable laws and regulations, is included in the single audit section of this report.

The New York State and other awards section contains a schedule of all non-federal grants. This section also includes a comprehensive summary of all financial assistance, i.e. federal, state, county and private.

REPORTING ENTITY

Rochester was incorporated as a village in 1817 and as a city in 1834. Rochester is governed by a Mayor, who is directly elected by popular vote to a four-year term of office. As the chief executive officer and the administrative head of government, the Mayor is responsible for the administration of all City affairs. The City of Rochester also has a nine-member City Council which is responsible for the legislative affairs of the City government. Council members are elected biennially for staggered four-year terms, four by districts representing approximately one quarter of the City's area, and five by a city-wide vote. The members of the City Council elect a President, who presides at Council meetings and ceremonial occasions, and who provides the Council with leadership in the drafting and passing of legislation.

This report includes all funds and account groups that are administered by City Council. The City's major operations include police and fire protection, environmental services, recreation, community services, community development, economic development and general administrative services. In addition, the City has seven enterprise operations including: Water, Parking, War Memorial, Refuse, Cemeteries, Public Market, and Port of Rochester.

The City School District is also included in the financial statements as a discretely presented component unit. Although a separately elected School Board governs the operations of the District, the District is financially dependent on the City,

ECONOMIC STATUS

Many consider Rochester to be the "economic jewel" of the state. It has been able to maintain a strong economy even though our major employers have gone through significant downsizing. Spending is still on the rise and the unemployment rate is currently 3.5%. Rochester continues to have one of the highest export volumes per capita in the country. Exports from the Greater Rochester Area, which totaled \$14 billion in 1999, go chiefly to Canada, Mexico, UK, Germany, and Japan.

Some factors that will help Rochester are:

- the Rochester area designated by the Governor as a "Center of Excellence" for optics and photonics. Forty-five million dollars of the \$75 million needed from private industry to require state aid has already been pledged. It is anticipated that the Center for Excellence could bring hundreds of millions in research dollars and creating a hub of high-tech jobs and industries.
- unemployment rate for the United States in December was reported to be 4.0%. Low unemployment translates into more dollars for products, many supplied by Rochester companies.
- non-farm productivity rose 3.3% in the third quarter of 2000. If this trend continues in 2001 it will suggest stable prices on U.S.- and Rochester-made products.
- the U.S. inflation rate was reported to be 3.4% through December of 2000 versus 2.7% for 1999. This suggests the manufacturing sector will remain competitive.
- New York State has a fiscally healthier economy compared to prior years, and this may benefit Rochester.
- 2001 is likely to be a more stable year for the Rochester economy; keep in mind that Rochester has not experienced the significant dips that other areas have.
- a low unemployment rate and skilled labor force will boost local employment opportunities for Kodak's involuntarily separated employees.

YEAR 2001 ECONOMIC FORECAST

The Chamber's Business Trends Committee remains cautiously optimistic about Rochester's economy in 2001. The well-publicized troubles of the region's best-known employers will limit, but not eliminate, Rochester's expansion in the coming year. Despite weakness in Xerox, Bausch & Lomb and Kodak, the Business Trends Committee expects that total employment will rise slightly in 2001 from about 556,000 jobs to 558,000 jobs. Manufacturing employment will likely continue to fall with an expected net loss of something over 4,000 jobs. The vitality of the rest of Rochester's economy will offset specific losses at the largest private firms, adding more than 6,000 net new jobs to the total.

Xerox will surely eliminate jobs in the coming year. Despite talk of bankruptcy, it is highly unlikely that all Rochester operations would simply close. A loss of several thousand jobs is not beyond the realm of possibility, however. Bausch & Lomb and Kodak continue to confront very competitive markets for their products. Pressure to reduce costs will probably force the elimination of some positions. As the general economy slows, the auto industry is typically the first to feel a reduction in product demand. Rochester's auto-related firms--Delphi Energy Management Systems and Valeo--could take steps to reduce staffing levels in the face of shrinking auto sales. While the telecom companies have been growing rapidly through the last decade, 2001 may be a year of consolidation, leading to more stability on the job front.

Heidelberg and NexPress are doing well and expect to add new employees. The construction industry appears strong through the second quarter, although some weakness may set in later in the year.

Putting these changes in a historical perspective, the relative importance of the manufacturing and non-manufacturing sectors have been shifting for many years. In 1980, manufacturing payroll was over half the total (with Kodak, Xerox and B&L accounting for 30% of the total). By 2000, the total had dropped to about 31%. While there was slight growth in "finance, insurance and real estate" (FIRE), the fastest growing sector was services, which expanded from 19% of total payroll in 1980 to 28% of the total by 2000. Fortunately, rising job quality in both sectors enabled payroll per job to remain constant across all sectors.

Two new initiatives will add to Rochester's vitality in coming years. First, Kodak's decision to sell the Elmgrove facility and the energy and competence of its new owners may have a bigger impact on the economy than nearly any single event in twenty years. The re-named "Rochester Technology Park" could accommodate as many as 25,000 workers in its present configuration. Cohen Asset Management is a skilled, national player in the site relocation business. The financial resources, market savvy and national contacts Cohen brings to the project heightens the chances for success.

Second, the University of Rochester's historic investment in an expanded research mission is an investment that will bear much fruit in years ahead. The University, including the Medical Center, is Rochester's third largest employer, bringing more resources into the economy than any other institution save Kodak and Xerox.

About two-thirds of the Rochester region's smaller firms that export a physical product outside the region have reported increased export sales for the year ending 2000. While several of our major multinational firms have reported decreased export sales over the past 12 months, the growth among smaller exporters is encouraging.

The Chamber's International Business Council survey shows exporting firms (those with fewer than 200 employees) doubling their export totals every 7 years or so. One outcome of this trend is a reduced dependence on a smaller number of major manufacturers. As small exporters continue their record of success, the Rochester economy will continue to diversify away from dependence on a few firms.

Marketing our community assets is needed now more than ever. There is agreement among the local governments and business associations that the Greater Rochester Visitors Association should expand its marketing of Rochester attractions for tourism to include economic development marketing. The Visitors Association will serve as the coordinator and will receive expanded funding from a recent increase in the County of Monroe's hotel and motel tax. Rochester organizations with marketing responsibilities will coordinate with the Visitors Association to ensure consistency and an efficient use of funds. The increased funding and coordination will enable a substantial and sustained campaign and is likely to be more effective than previous efforts as a consequence. This initiative should start in mid-2001 and will require the entire community's support and cooperation. This effort will assist the recruitment of companies and employees, which our economic base will need for continued prosperity.

Pressure on established employers will likely cause a slowing of the pace of growth during 2001. Nonetheless, the foundation for stable future prosperity is being laid by the vitality of new ventures in the private sector plus exciting public sector initiatives. Rochester's economy promises continued expansion in future years.

**FORECAST FOR 2001 OF ECONOMIC INDICATORS FOR ROCHESTER
METROPOLITAN STATISTICAL AREA**

	1999 Average	2000 Actual YTD	Percent Change	2001 Forecast	Percent Change
Nonagricultural employment (000)	550.0	555.9	1.1%	558.0	0.4%
Manufacturing employment (000)	118.0	115.4	-2.2%	111.0	-3.8%
Nonmanufacturing employment (000)	432.0	440.6	2.0%	447.0	1.5%
Weekly hours in manufacturing	42.4	42.1	-0.7%	41.9	-0.5%
Monroe County unemployment rate	3.8	3.7	-0.1%	3.9	0.2%
Single family building permits	1,675.0	1,393.0	-16.9%	1,230.0	-11.7%
Payroll (\$1998 billion)	\$ 17.5	\$ 17.8	1.5%	\$ 17.8	0.3%

Source: ~~Economic Review Letter~~, January, 2001, Greater Rochester Metro Chamber of Commerce, Business Trends Committee

MAJOR INITIATIVES

Central Business District

Rochester's Center City is continuing its growth and development as the hub of business, government, cultural, sports, entertainment, and educational activities for the entire region.

Over \$700 million in public and private funds have been invested in the Center City since 1982 to ensure that the area meets the needs of citizens, businesses and visitors. These improvements have included major streets, a new convention center, new parking garages, a new Hyatt Regency Hotel, and renovation of two downtown hotels, the Four Points/Sheraton Inn and the Crowne Plaza Hotel. The world renowned Eastman School of Music also completed major renovations including construction of a high rise dormitory and an office/music library building. Construction of a new office building for the New York State Appellate Division Court adjacent to the Metro Center has been completed. New corporate headquarters buildings were built for Bausch & Lomb and Frontier Corporation. The Blue Cross and Blue Shield of the Rochester Area has moved into a new 200,000 square foot corporate headquarters. Several major general tenant office buildings were built or had major renovations completed including Clinton Square, the Edwards Building, the Granite Building, the Powers Building, One City Centre, the Riedman Building, and the Cutler Building.

Demand for new residential units in Downtown is strong, with seven units of upper income housing at Symphony Terrace quickly selling out. Similarly, seventy-seven units of rental at the former Hallman's Auto site were quickly leased, and competition is increasing for other developable sites.

Additional cultural, entertainment, educational, and recreational improvements include completion of renovation and expansion of the War Memorial Auditorium, home of the Rochester Americans professional hockey and Knighthawks Lacrosse teams, Frontier Field, home of the Rochester Red Wings professional baseball team and the interim home for the Rochester Raging Rhinos professional soccer team, a new Metro YMCA, a new Rochester Public Library, continuing expansion for GeVa, a professional theater company, renovation and expansion of the Little Theater from two screens to five screens, expansion of the Strong Museum (a major children/family attraction), and renovation of the Sibley Building that serves as downtown campus for the Monroe Community College and SUNY Brockport.

Working in cooperation with several major Rochester businesses, the City has completed a major entertainment facility at the 90 foot High Falls of the Genesee River. The area is near Frontier Field and the future site of Paetec Park, which will be home to the Rochester Rhino's soccer team, and features specialty restaurants including the Empire Brewing Company, Jillian's, the Center at High Falls nightclub, the Triphammer Grill, as well as an Urban Cultural Park Interpretive Center, a world class laser light show projected on the river wall of the Genesee, and a public plaza area that opened this summer as the City's festival site. Attendance at High Falls attractions continues to increase. This area is becoming the premier Rochester entertainment district.

The continued strong investment in the Center City of Rochester being made by major corporations such as Eastman Kodak, Xerox, Bausch & Lomb, Frontier Corporation, Chase Bank, HSBC Bank, IBM, Blue Cross and Blue Shield, and many other firms, indicates that the business community believes that downtown Rochester is the best place to conduct business in the Rochester region.

Industrial Development

Development of readily buildable industrial land has been a goal of the City for several years. Toward fulfillment of that goal, six industrial parks have been developed:

1. The 27 acre Cumberland Industrial Park is 80% developed with two sites available. To date, the project has generated new investment of nearly \$12 million and the creation or retention of 770 jobs.
2. The 26 acre High Falls Business Park also offers fully improved industrial sites enhanced by \$2.9 million in infrastructure improvements. The park is 50% developed and has to date retained or created approximately 636 jobs and added \$4 million to the City of Rochester's tax base. Total private investment in plant and equipment in the industrial park is over \$8 million.
3. The 38 acre Rochester Science Park is a high technology, campus-style office and research facility located in southeast Rochester. The City constructed the access road and utilities, and 60% of the park is occupied. To date Rochester Science Park has created or retained 559 permanent jobs. Private investment in land purchase, plant facilities, machinery and equipment is estimated at approximately \$14 million.
4. The 40 acre Holleder Technology Park is fully occupied by seven companies: Advent Tool & Mold Company, Inc., Apollo Tool & Die, Inc., Crucible Materials Corp., Mercury Print Production, Inc., Monro Muffler Brake, Electronic Media Solutions, and AJL Manufacturing. Total investment in plant and equipment for the Holleder Technology Park is in excess of \$31 million and with 893 jobs created or retained.
5. Improvements are complete for the City's newest development areas, the 11 acre 14621 and 54 acre Western Gateway Industrial Parks. They have received \$5 million in infrastructure and landscape improvements and have already attracted two companies providing jobs for 200 employees and investments of over \$7 million.

Since 1981, the City of Rochester's Economic Development Department has arranged for over \$300 million in financing for small, medium and large sized firms. Total investment in industrial and commercial projects is over \$1 billion.

The City has been designated as an Economic Development Zone by New York State and an Enterprise Community by the Federal government.

Investment in Residential Areas

In addition to investments in business development, the City is devoting the major share of its Community Development Block Grant (CDBG) to the improvement of residential neighborhoods. According to the table following, the City has allocated \$217.8 million, or 67% of total federal allocations and program income, to the City's residential areas since the inception of the CDBG Program in 1975.

COMMUNITY DEVELOPMENT BLOCK GRANT /CONSOLIDATED PROGRAM (IN MILLIONS)

	Allocation Through June 30, 2002
Residential neighborhoods	\$ 217.8
Business development	54.7
Urban renewal completion	10.2
Planning, management and administration	43.5
TOTAL	<u>\$ 326.2</u>

Rochester's Consolidated Community Development Program, which began in July, 1975, is a major source of funds for the City's revitalization efforts. The original Community Development Program was established as a result of the Federal Housing and Community Development Act of 1974 and revised in 1995 to incorporate all housing related plans and programs in a Consolidated Community Development Program. The amount of the annual grant is determined by a statutory formula that uses several objective measures of community need.

The 2001-02 Program is based on the "Neighbors Building Neighborhoods" and the "Rochester 2010 - Renaissance Plan" planning processes. As a result of these planning processes, and many community meetings, a vision for Rochester in the 21st Century was developed envisioning the City as experiencing a "Renaissance of Responsibility, Opportunity and Community."

The goals of the 2001-02 Program focus on the provision of decent housing, a suitable living environment and expanded economic opportunities for all our citizens.

In support of these goals, the objectives and dollar allocations of the \$19.4 million program are:

1. Support the Neighbors Building Neighborhoods process engaging citizens in renewing our community and implementing the Renaissance Plan (\$989,000).
2. Promote economic stability, job creation and development by encouraging private investment in neighborhood commercial, service, manufacturing and wholesale activities and improve the accessibility of City residents to existing and newly created economic opportunities (\$3,913,000).
3. Improve the housing stock and general property conditions through rehabilitation assistance and new home construction, primarily for low and moderate income owner-occupants and renters, as well as property code enforcement and blight removal (\$11,479,000).
4. Respond to general community needs by providing and leveraging resources to improve the efficiency, quality and access to existing services with a particular focus on the homeless, early childhood education, neighborhood safety and effective use of community facilities (\$2,372,000).

Tourism

The economic health of the City is tied to that of Monroe County and the Genesee/Finger Lakes Region. Both the City and the County have undertaken steps to encourage the retention and creation of jobs in the area through the development of tourism.

Major tourism projects that have impacted the growth of jobs in the City, and will encourage the creation of new jobs in the future, include:

- Continuous development of the "High Falls and East End Entertainment Districts" with the opening of a micro-brewery, restaurants, coffee shops, entertainment businesses, and office buildings, new housing and community festivals adjacent to the Falls and on the streets of the East End;
- Continued waterfront development with completion of a major navigation improvement project by the U. S. Army Corps of Engineers at the Charlotte River Harbor, and finalized plans for over \$40 million in area improvements with road construction underway;
- Continued progress towards implementing a fast ferry auto/passenger service between Rochester and Toronto;
- Continued success of the Frontier Field outdoor sports facility adjacent to Downtown and the High Falls District hosting professional baseball and other events; and the planned development of a new 12,000 seat soccer stadium adjacent to Frontier Field, to be financed with private and state funds;
- Completion of a \$37.5 million renovation to the Blue Cross Arena at the War Memorial expanding its attractiveness to professional hockey and lacrosse as well as major touring events;
- Construction underway by the City, the State Thruway Authority, and a private developer of a \$15 million canal harbor improvement project and residential/commercial center adjacent to Downtown on the Erie Canal, known as the "Cornhill Landing" development.

An estimated 1,560,000 visitors traveled to Rochester and Monroe County in the year 2000. This indicates the strong draw of the area as a destination for corporate travel, and attendance at scheduled meetings, conventions, and tourist attractions. During their stay, they spent \$241 million in area hotels, restaurants, museums event venues, and retail stores. In the past year Rochester has hosted such events as the 2000 World Canal Conference and the American Association of Physics Teachers Convention. Upcoming events will include the National Council on Family Relations and the College Sports Information Directors Association. It also continues its highly regarded reputation for well-run and attended national major golf events including the annual Rochester International LPGA Tour stop, and the U.S. Open scheduled in 2003.

The Rochester Riverside Convention Center continues to play a vital role in encouraging the growth of tourism locally. The Convention Center was host to 311 conventions, trade shows and other events in fiscal year 2000-2001 with an estimated economic impact of \$30 million.

Future Plans

The City of Rochester's Comprehensive Plan — Rochester 2010: The Renaissance Plan — was adopted by City Council on April 13, 1999. It is a community-based planning process that is structured around eleven integrated "Renaissance Campaigns" which are: 1. Involved Citizen, 2. Educational Excellence, 3. Health, Safety, and Responsibility, 4. Environmental Stewardship, 5. Regional Partnership, 6. Economic Vitality, 7. Quality Service, 8. Tourism Destination, 9. Healthy Urban Neighborhoods, 10. Center City, and 11. Arts & Culture. Through established strategies and priorities, the Renaissance 2010 Plan is guiding the direction of the City's budget and development activities. (More information on the Renaissance 2010 Plan is available on the City's web site at www.ci.rochester.ny.us.)

The Renaissance 2010 Plan is already serving as a guide for further center city development. Major initiatives recently completed include the opening of 75 new residences in the East End of downtown. Additionally the announcement of a nearby luxury apartment complex, a major expansion to the Strong Museum, the renovation of the historic Cascade District as a mixed use area and, a new office building for Blue Cross/Blue Shield continue the momentum of development. Also in the center city, a \$22.5 million expansion of the central library and a \$37 million expansion to the Community War Memorial Arena were completed with events and activities being well attended.

The "Center for High Falls" (Interpretive Center) and the Laser Sound and Light Show within the City's historic Brown's Race continuing the image of the High Falls Area as a keystone for commercial redevelopment and as a tourist attraction. The recent renovation of the historic Gorsline building and other nearby historic buildings has expanded the availability of in-demand office space, and a new festival plaza now attracts hundreds of music fans to events along the river. Such improvements are added to the existing attractions: three theme night clubs, a brew pub, and an interactive sports/entertainment facility, which was developed privately in warehouses that had been long-empty. The continuing development is adding to the estimated 260,000 visitors to the area annually.

Frontier Field, a 13,000 seat outdoor stadium adjacent to the High Falls park area, continues to attract more than 700,000 fans annually for baseball, soccer, lacrosse and community events.

Ground breaking is scheduled for a \$13 million residential and retail project establishing a canal port on the Genesee River adjacent to downtown. The public promenade portion opened last Fall when the city hosted the most attended ever World Canal Conference.

FINANCIAL INFORMATION

Accounting and Budgetary Controls

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City's financial management believes its internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. An evaluation of the internal accounting controls during the City's annual independent audit disclosed no material weakness in the internal control structure.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with provisions embodied in the annual budget adopted by City Council. A total expenditure budget is appropriated based on projected revenues, and all non-capital appropriations lapse at fiscal year end. The budget is adopted on a departmental basis and expenditures may not exceed appropriations on a departmental level. Budgetary control is maintained by the encumbrance of funds prior to the release of purchase orders to vendors.

Financial Position

The **Management Discussion and Analysis** section included as part of the Financial Section of this report provides a narrative introduction, overview, and analysis of the June 30, 2001 financial statements of the City of Rochester. The information provided includes a discussion of the basic financial statements, condensed comparative data, overall analysis, fund analysis, highlights of major revenue and expense variances, a summary of capital assets and long-term debt activity, and infrastructure data.

Debt Administration

The City of Rochester maintains a conservative debt borrowing policy with an accelerated debt repayment schedule, and funds a significant level of capital expenditures from current funds. Major capital projects have not been deferred.

As of June 30, 2001, the City and the School District had \$269,676,000 of authorized, outstanding general obligation bonds and \$112,957,000 of outstanding bond anticipation notes. The City's authorized but unissued general obligation bonds amounted to \$15.9 million.

The ratio of net bonded debt to assessed valuation and the amount of net bonded debt per capita are useful indicators of the City's debt position. As of June 30, 2001, the City had \$251,379,200 of net bonded debt. The ratio of net bonded debt to assessed value was 5.23%, and the net bonded debt per capital equaled \$1,123.

The City has maintained its A2 rating on general obligation bond issues from Moody's Investors Service, Inc. and AA from Standard and Poor's Corporation.

Cash Management

The City of Rochester's investment policy is to maximize earnings from idle cash not immediately needed for expenditure, while ensuring liquidity and safety of investments. Types of investments are restricted by New York State law, and include time deposits, certificates of deposit, obligations of the U.S. Government and its agencies, and New York State and its municipalities. Earnings potential is enhanced by clearing all checks through a zero balance checking account, taking full advantage of the float on outstanding checks. The City also uses an on-line bank account reporting system to track the status of the City bank accounts.

Earnings on all investments of City and School District funds increased from \$13.2 million in fiscal 2000 to \$13.6 million in fiscal 2001, due to an increase in investable principal, while the average yield remained at 5.43%.

Risk Management

The City has been fully self-insured for all workers' compensation and general liability for over seventeen years. Workers' compensation claims are funded from a liability reserve in the General Fund. General liability claims are funded from yearly contributions made to a Claims Settlement Internal Service Fund. The amount available in the Claims Settlement Fund as of June 30, 2001 was \$14,173,000. The estimates of future reserves for both workers' compensation and general liability claims are determined by insurance companies administering the programs.

Workers' compensation loss control is managed by a Safety Committee comprised of City employees, and an independent contractor reporting to the Employee Safety Coordinator. An Advisory Committee of insurance industry representatives monitors the effectiveness of both the workers' compensation and general liability program. In addition, the City provides hospitalization, medical, dental, long-term disability, and life insurance through various insurance companies and these programs are administered by the Director of Human Resource Management.

INDEPENDENT AUDIT

The Charter of the City of Rochester, New York requires an independent audit of the books of accounts, records, and transactions of all administrative departments of the City by independent certified public accountants. The firm of Deloitte & Touche LLP was selected to conduct this audit. In addition, the audit was designed to meet the requirements of the Federal Single Audit Act of 1996. The report of independent accountants on the basic financial statements and combining and individual statements and schedules is included in the financial section of this report. The auditors' reports related to the single audit are included in the Single Audit Section.

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rochester for its comprehensive annual financial report for the fiscal year ended June 30, 2000. This was the seventeenth consecutive year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Bureau of Accounting. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. Finally, I would like to thank the Mayor and the members of the City Council for continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Vincent J. Carfagna
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rochester,
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director

CITY OF ROCHESTER, NEW YORK

MAYOR AND CITY COUNCIL OFFICIALS

William A. Johnson, Jr., Mayor

Lois J. Giess (East District), President

Gladys Santiago (At-Large), Vice-President

◇◇◇

Brian F. Curran (At-Large)

Benjamin L. Douglas (Northeast District)

Nancy K. Griswold (At-Large)

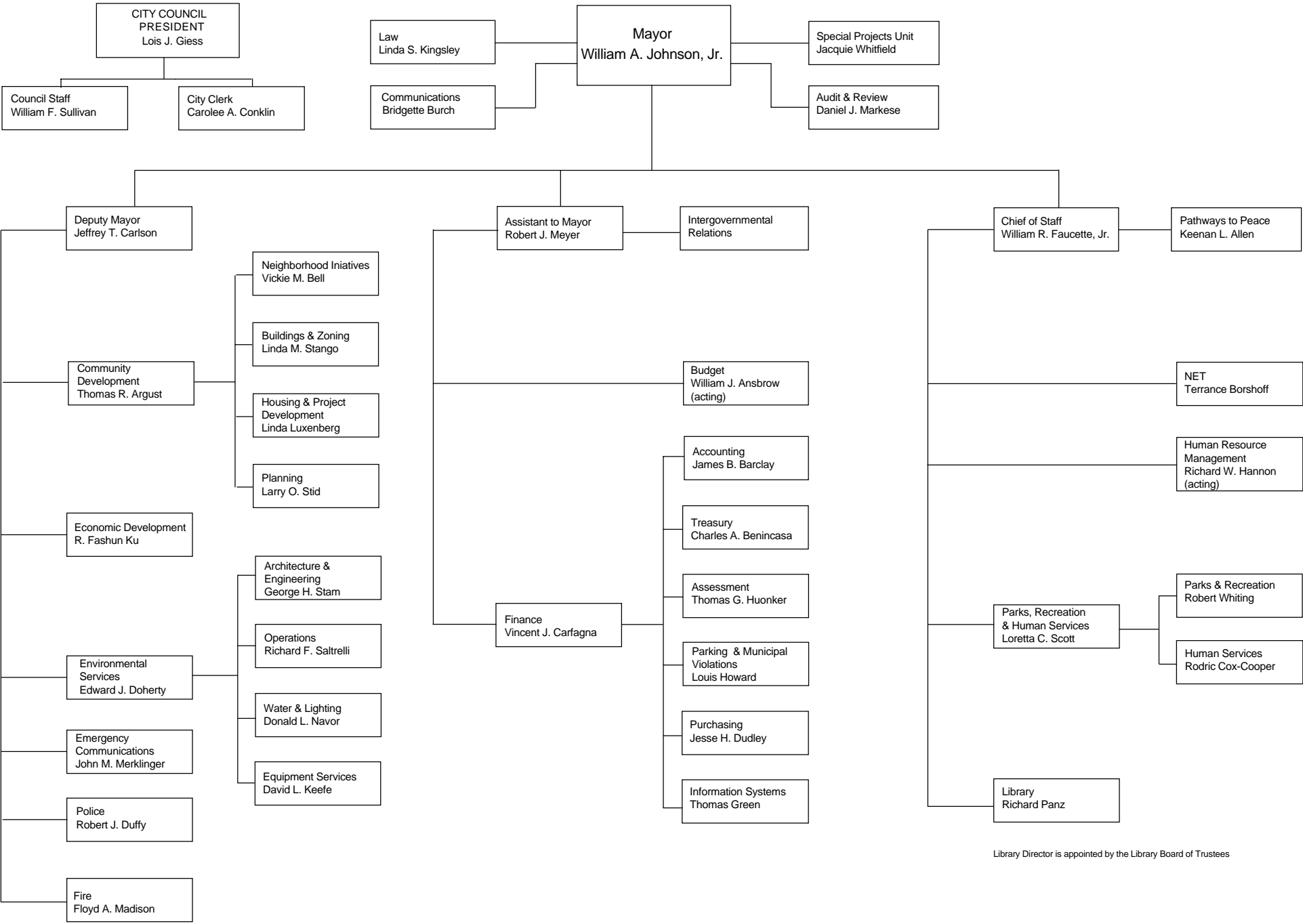
Tim O. Mains (At-Large)

Wade S. Norwood (At-Large)

Robert J. Stevenson (Northwest District)

Tony M. Thompson (South District)

MANAGEMENT CHART



Library Director is appointed by the Library Board of Trustees

CITY OF ROCHESTER, NEW YORK
LIST OF CITY DEPARTMENTS AND BUREAUS

Mayor.....	William A. Johnson, Jr.
Deputy Mayor	Jeffrey T. Carlson
Assistant to Mayor	Robert J. Meyer
City Clerk	Carolee A. Conklin
City Council Staff	William F. Sullivan
Audit and Review	Daniel J. Markese
Budget	William J. Ansbrow (acting)
Communications	Bridgette Burch
Chief of Staff	William R. Faucette, Jr.
Pathways to Peace	Keenan L. Allen
Neighborhood Empowerment Team (NET)	Terrance Borshoff
Special Projects Unit	Jacquie Whitfield
Community Development	Thomas R. Argust
Neighborhood Initiatives	Vickie M. Bell
Buildings and Zoning	Linda M. Stango
Housing & Project Development.....	Linda Luxenberg
Planning.....	Larry O. Stid
Economic Development.....	R. Fashun Ku
Human Resource Management.....	Richard W. Hannon (acting)
Environmental Services	Edward J. Doherty
Engineering	George H. Stam
Equipment Services.....	David L. Keefe
Operations	Richard F. Saltrelli
Water	Donald L. Navor
Finance	Vincent J. Carfagna
Accounting	James B. Barclay
Assessment	Thomas G. Huonker
Data Processing	Thomas Green
Parking Violations.....	Louis Howard
Purchasing.....	Jesse H. Dudley
Treasury	Charles A. Benincasa
Fire	Floyd A. Madison
Law	Linda S. Kingsley
Library.....	Richard Panz
Office of Emergency Communications	John M. Merklinger
Parks, Recreation, and Human Services.....	Loretta C. Scott
Human Services	Rodric Cox-Cooper
Parks & Recreation.....	Robert Whiting
Police.....	Robert J. Duffy

Financial Section



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the
City Council of the City of Rochester, New York

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, major funds, and remaining fund information of the City of Rochester, New York, as of and for the year ended June 30, 2001, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the management of the City of Rochester. Our responsibility is to express an opinion on these financial statements based on our audit.

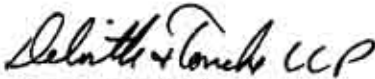
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, discretely presented component unit, major funds, and remaining fund information for the City of Rochester, New York, as of June 30, 2001, and the changes in financial position of those activities, unit, and funds and the cash flows of its proprietary funds and its budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining individual fund statements and schedules listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the City of Rochester, New York. The accompanying schedule of expenditures of federal awards as listed in the table of contents is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. These financial statements and schedules are also the responsibility of the management of the City of Rochester, New York. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

The statistical data on pages 70-81 and the Schedule of Expenditures of NYS and Other Awards and Summary of Financial Assistance on pages 96-102 are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the City of Rochester, New York. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated September 21, 2001, on our consideration of the City of Rochester's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script, appearing to read "Deloitte & Touche LLP", is written in dark ink.

September 21, 2001

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As management of the City of Rochester, we offer readers of the City of Rochester's financial statements this narrative overview and analysis of the financial activities of the City of Rochester for the fiscal year ended June 30, 2001. In this section, all amounts are expressed in thousands of dollars, unless otherwise indicated.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$665,823 (*net assets*). Of this amount, \$106,363 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$38,776 primarily due to a \$20,900 increase in infrastructure capital assets, largely funded with state and federal grants, as well as a \$14,800 increase in funds which are appropriated for infrastructure improvements.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$129,346, an increase of \$16,768, in comparison with the prior year. Approximately 11 percent of this total amount, \$14,600 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$3,412, or 1½ percent of total general fund expenditures.
- The City's total debt (net of notes which have been refinanced but not yet matured) increased by \$7,476 (4 percent) during the current fiscal year. The increased borrowing is to meet the cash requirements of the construction projects that are underway, the major one being the New Public Safety Building.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Rochester's basic financial statements. The City of Rochester's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparison, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Rochester's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Rochester's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Rochester is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City of Rochester that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Rochester include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Rochester include a water utility, parking garage and lot operations, an arena at the War Memorial, residential and commercial refuse collection services, two cemeteries, and a port operation at Lake Ontario.

The government-wide financial statements include not only the City of Rochester itself (known as the *primary government*), but also a legally separate school district for which the City of Rochester is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages immediately following this section as the first two pages of the Basic Financial Statements.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rochester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Rochester can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Rochester maintains fifteen governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, general capital projects fund, transportation capital projects fund, and the community development special revenue fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The financial statements for governmental funds can be found in the Basic Financial Statements, which is the following section.

Compliance with the City's annual operating budget for the year ended June 30, 2001, which includes the General Fund as well as certain special revenue and enterprise funds, is reported in the *Combined Statement of Revenues, Expenditures and Changes in Fund Equity – Budget and Actual* which is found in the Basic Financial Statements section.

Proprietary funds. The City of Rochester maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Rochester uses enterprise funds to account for its Water, Parking, War Memorial and Refuse operations. The *internal service fund* is used to account for general liability risk management. Because general liability risk management predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Parking, War Memorial, and Refuse operations, which are considered to be major funds of the City of Rochester. In addition, the internal service fund is presented in the proprietary fund financial statements. Data from the other three proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary fund financial statements can be found in the Basic Financial Statements section of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Rochester's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found in the Basic Financial Statements section of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and proprietary funds can be found in the section following the Basic Financial Statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceed liabilities by \$665,823 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (65 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Rochester's Net Assets

(000's Omitted)

	Governmental activities		Business-type activities		Total	
	2001	2000	2001	2000	2001	2000
Current and other assets	\$ 304,080	\$ 254,908	\$ 32,366	\$ 29,367	\$ 336,446	\$ 284,275
Capital assets	419,468	398,489	238,419	243,031	657,887	641,520
Total assets	723,548	653,397	270,785	272,398	994,333	925,795
Long-term liabilities outstanding	163,525	122,282	90,512	94,660	254,037	216,942
Other liabilities	70,607	77,809	3,866	3,997	74,473	81,806
Total liabilities	234,132	200,091	94,378	98,657	328,510	298,748
Net assets:						
Invested in capital assets, net of related debt	283,119	301,268	150,098	150,518	433,217	451,786
Restricted	106,928	89,669	19,315	15,576	126,243	105,245
Unrestricted	99,369	62,369	6,994	7,647	106,363	70,016
Total net assets	\$ 489,416	\$ 453,306	\$ 176,407	\$ 173,741	\$ 665,823	\$ 627,047

An additional portion of the City's net assets (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$106,363) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Restricted net assets in the City's governmental activities increased by \$17,259 due to the receipt of proceeds for long-term debt and financing for capital projects.

The City's total net assets increased by \$38,776 primarily due to a \$20,900 increase in infrastructure capital assets (net of a \$343 increase in depreciation expense), largely funded with state and federal grants and contributions, which totaled \$15,500. In addition capital projects funds, which are appropriated for infrastructure improvements, increased by \$14,800. The net of other changes to net assets was \$3,076.

Governmental activities. Governmental activities increased the City's net assets by \$36,110, thereby accounting for 93 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

City of Rochester's Changes in Net Assets
(000's Omitted)

	Governmental activities		Business-type activities		Total	
	2001	2000	2001	2000	2001	2000
Revenues:						
Program revenues:						
Charges for services	\$ 46,943	\$ 48,995	\$ 57,448	\$ 58,613	\$ 104,391	\$ 107,608
Operating grants and contributions	38,997	37,302	-	213	38,997	37,515
Capital grants and contributions	15,493	15,380	266	770	15,759	16,150
General revenues:						
Property taxes	126,421	125,617	1,107	1,088	127,528	126,705
Other taxes	139,703	138,404	919	897	140,622	139,301
State aid	57,001	44,794	-	-	57,001	44,794
Transfer to school district	(127,300)	(127,300)	-	-	(127,300)	(127,300)
Other	12,767	9,948	2,354	2,744	15,121	12,692
Total revenues	310,025	293,140	62,094	64,325	372,119	357,465
Expenses:						
General government	42,860	42,439	-	-	42,860	42,439
Police	71,400	67,298	-	-	71,400	67,298
Fire	42,191	41,039	-	-	42,191	41,039
Emergency communications	9,504	9,220	-	-	9,504	9,220
Transportation	26,302	24,295	-	-	26,302	24,295
Environmental services	16,143	15,699	-	-	16,143	15,699
Parks & recreation	20,683	25,195	-	-	20,683	25,195
Library	12,252	14,093	-	-	12,252	14,093
Community & economic developmen	30,963	30,924	-	-	30,963	30,924
Interest on long term debt	5,771	5,058	-	-	5,771	5,058
Water	-	-	21,979	22,889	21,979	22,889
War memorial	-	-	3,469	3,743	3,469	3,743
Parking	-	-	7,883	7,495	7,883	7,495
Cemetery	-	-	1,729	1,508	1,729	1,508
Public market	-	-	644	496	644	496
Refuse	-	-	19,562	18,932	19,562	18,932
Port	-	-	8	16	8	16
Total expenses	278,069	275,260	55,274	55,079	333,343	330,339
Excess of revenues over expenses	31,956	17,880	6,820	9,246	38,776	27,126
Transfers	4,154	5,084	(4,154)	(5,084)	-	-
Increase in net assets	36,110	22,964	2,666	4,162	38,776	27,126
Net assets - beginning	453,306	430,342	173,741	169,579	627,047	599,921
Net assets - ending	\$ 489,416	\$ 453,306	\$ 176,407	\$ 173,741	\$ 665,823	\$ 627,047

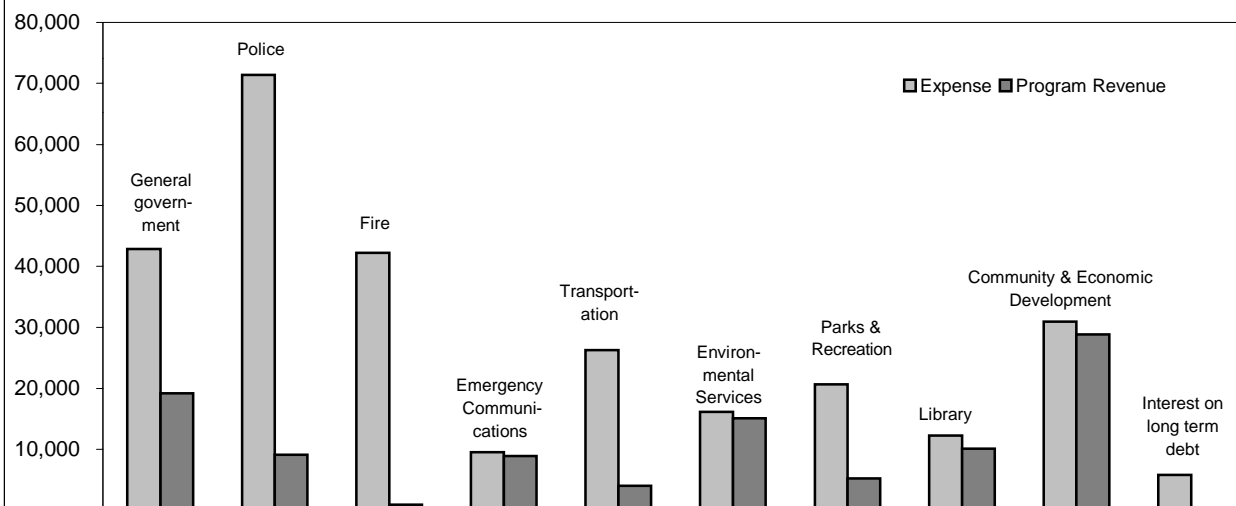
Revenue from charges for services in the governmental activities decreased by \$2,052 due to the following major changes: revenue from moving vehicle violations dropped \$624 due to the issuance of fewer tickets, \$500 in revenue resulting from the sale of a housing project was a one time event in the 2000 fiscal year, the elimination of mailing services for the Monroe County Pure Waters Agency reduced revenue by \$278, refunds from Workers' Compensation claims declined \$297, and proceeds from the sale of property declined \$174. A variety of other smaller changes netted to \$179.

Revenue from operating grants and contributions increased by \$1,695. Increases in Community Development grants of \$4,983, library revenue of \$803, police grants of \$556, and other grants and contributions of \$249, were offset by the loss of JTPA grants of \$4,896.

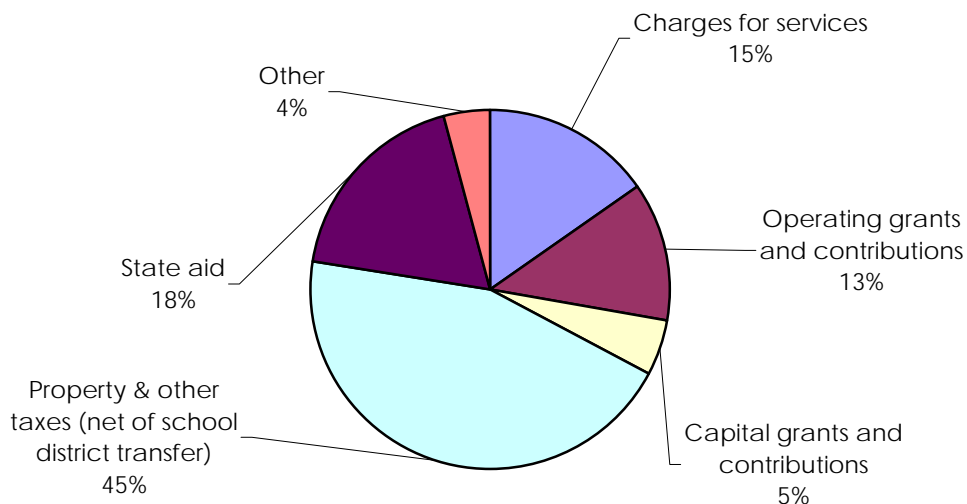
Revenue from other taxes increased by \$1,299. This is attributable to a \$2,761 increase in sales tax revenue which was partially offset by a \$1,462 decline in in-lieu of tax revenues for properties that became taxable.

The overall increase in State aid was \$12,207. General purpose state aid, which provides revenue for unrestricted use by municipalities, increased by \$12,100. In addition, there was a net increase of \$107 in other state aid and grants.

Expenses and Program Revenues - Governmental Activities
(000's Omitted)



Revenues by Source - Governmental Activities



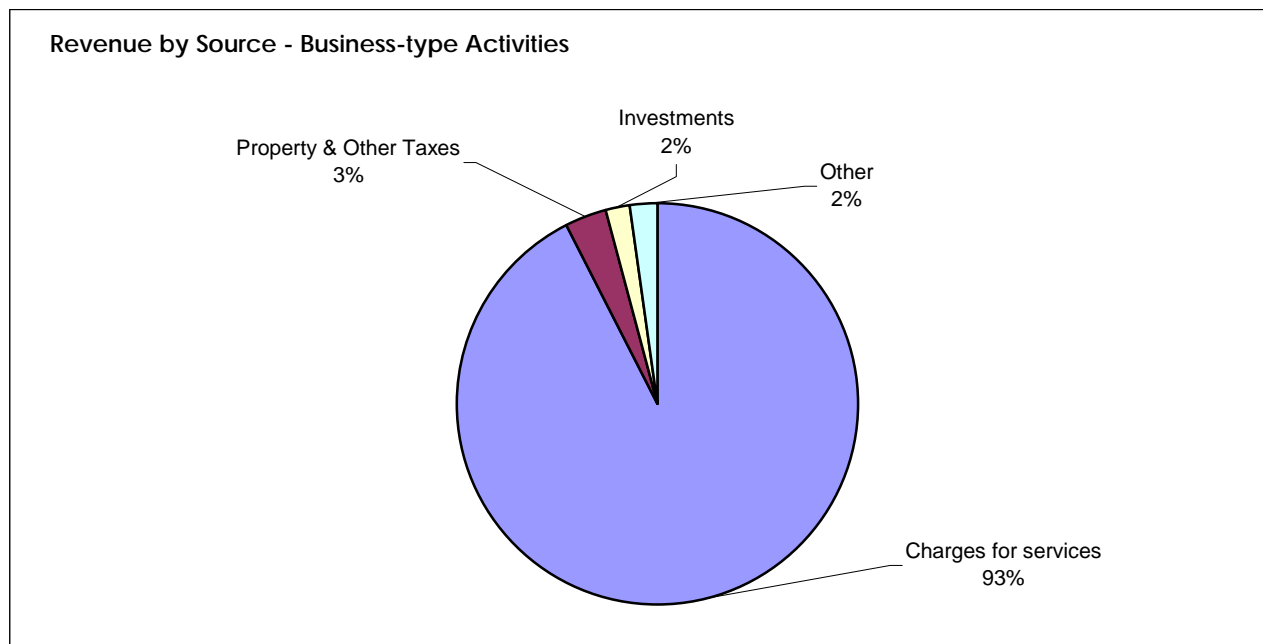
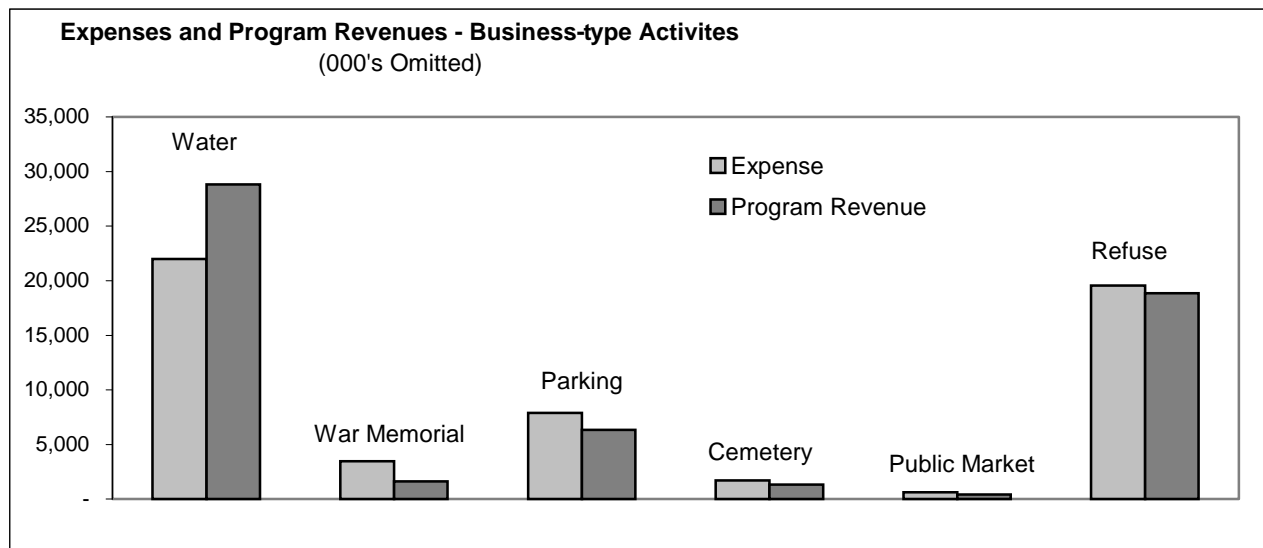
Expenses in the Police Department increased by \$4,102 due the following: A \$3,021 increase resulting from wage settlements, a \$2,172 increase in fringe benefit costs, as well as a \$128 in other cost increases, which were partly offset by the elimination of one time expenses (\$1,219) associated with the sale of the current Public Safety Building which occurred in the 2000 fiscal year.

Expenses in the Fire Department increased by \$1,152 due to the following: A \$2,255 increase resulting from wage settlements, and a \$634 increase in fringe benefit costs, which were partially offset by savings from the reduction in the number of firefighters (\$765), and a reduction in other non-operating expenses (\$972).

These increases were partially offset by the phase out of the Job Training and Partnership Act grant program in the Department of Parks, Recreation and Human Services (\$4,512) and curtailment of expenses associated with the transition to a new Library facility (\$1,841). For other departments and expense categories, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities. Business-type activities increased the City's net assets by \$2,666 accounting for 6.9 percent of the growth in the government's net assets.

Charges for services decreased by \$1,165 in the major enterprise funds. Lower water consumption resulted in a decline of water fund revenue of \$712. Revenue from refuse collection services declined \$650 as a result of a drop in the collection rate and fewer customers. Parking garage revenues decreased \$295 primarily due to the a decrease in the number of available parking spaces while construction and reconstruction is in progress. These decreases are partially offset by a \$458 increase in cemetery sales, which are the result of new marketing efforts, as well as a \$34 increase in charges for services in other enterprise funds.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$129,346, an increase of \$16,768 in comparison with the prior year. Approximately 11 percent of this total amount (\$14,600) is available for spending at the government's discretion (*unreserved fund balance*). The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the period (\$59,383), 2) to pay debt service (\$52,921), or 3) for a variety of other restricted purposes (\$2,442).

General fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,531 while total fund balance reached \$15,650. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balances represent 3 percent of total fund expenditures, while total fund balance represents 7 percent of that same amount. The fund balance of the City's general fund increased by \$540 during the current fiscal year, primarily as a result of retirement system contributions that were lower than anticipated.

Debt service fund. The debt service fund has a total fund balance of \$52,921, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$3,388. This increase was primarily the result of transfers from the General Fund of \$2,346 needed to finance the repayment of longterm indebtedness.

General capital projects. The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding transportation capital projects as well as projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$47,354, of this \$29,973 was encumbered for contracts underway, and \$17,381 was designated for subsequent years' expenditures.

Transportation capital projects. The Transportation Capital Projects fund is used to account for road and bridge construction and reconstruction. At the end of the current fiscal year, the fund balance was \$2,300. This is made up of \$7,953 encumbered for contracts underway, offset by \$5,653 owed for Bond Anticipation Notes in the capital projects funds.

Community development special revenue fund. The Community Development Block Grant fund is a Special Revenue fund used to account for the programs and projects primarily funded by the U. S. Department of Housing and Urban Development. At the end of the current fiscal year, the fund balance was \$5,799. This is made up of \$8,327 encumbered for contracts underway, offset by a unencumbered fund deficit of \$2,528, which will be eliminated as encumbrances are liquidated.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year totaled \$176,407. Changes in net assets which totaled \$2,666 were as follows: the water fund increased by \$3,688, the parking fund decreased by \$1,417, the war memorial fund increased by \$56, the refuse fund decreased by \$408, and the non major enterprise funds increased by \$747.

Unrestricted net assets of the major enterprise funds at the end of the year totaled \$6,994 and breakdown as follows: Water — \$4,044, Parking — \$455, War Memorial — (\$390), and Refuse — \$2,888, and Nonmajor Funds (\$3).

Internal service fund. The internal service fund is used to account for entity-wide general liability. It is the City's reserve for self insurance. The total net assets at the end of the fiscal year were \$14,173. This represents an increase of \$2,506 which is primarily from the a general fund transfer to provide for future claims.

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the general fund. The animal control, library, and local works funds, which are Special Revenue funds, are also included in the annual operating budget. However, the Community Development special revenue fund is excluded from the annual operating budget. The multi year projects of the Community Development Block Grant program are funded by the U.S. Department of Housing and Urban Development which has a separate budget and management process.

The City's 2000-01 operating budget increased by \$1.8 million, or ½ percent, during the fiscal 2001. The increased appropriations were made predominantly to incorporate various grant awards into departmental budgets. Comparing the amended budget with actual, the excess of revenues over expenditures was \$5,902. However, deducting transfers to other funds and the appropriation of prior year fund balance results in a deficiency of revenues and other sources over expenditures and other uses-budget basis of \$2,409.

Capital Assets and Debt Administration

Capital Assets. In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business type activities as of June 30, 2001, amounted to \$657,887 (net of accumulated depreciation). This investment in capital assets, includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 3 percent (a 5 percent increase for governmental activities and a 2 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction continued on the New Public Safety Building within the City. Construction is in progress as of the close of the fiscal year was \$6,075
- Several projects for the construction and reconstruction of certain streets and water mains were begun during the past fiscal year
- The project for the planning and implementing reconstruction of the Erie Harbor-East River Retaining Wall continued with construction in progress costs of \$3,169
- Recognition of \$25,614 of depreciation expense

City of Rochester's Capital Assets Net of Depreciation (000's Omitted)

	Governmental activities		Business-type activities		Total	
	2001	2000	2001	2000	2001	2000
Land	\$ 20,467	\$ 20,557	\$ 10,754	\$ 10,981	\$ 31,221	\$ 31,538
Buildings	77,808	77,906	117,228	121,516	195,036	199,422
Improvements other than buildings	3,492	3,961	92,477	88,579	95,969	92,540
Machinery and equipment	20,464	19,629	11,248	13,515	31,712	33,144
Infrastructure	288,142	274,760	-	-	288,142	274,760
Construction in progress	9,095	1,679	6,712	8,441	15,807	10,120
Total	\$ 419,468	\$ 398,492	\$ 238,419	\$ 243,032	\$ 657,887	\$ 641,524

Long-term debt. Long-term debt. At the end of the current fiscal year, the City of Rochester had total bonded debt outstanding of \$195,395,000. This entire amount is backed by the full faith and credit of the City.

City of Rochester's Outstanding Debt (000's Omitted)						
	Governmental activities		Business-type activities		Total	
	2001	2000	2001	2000	2001	2000
General obligation bonds	\$ 71,092	\$ 65,446	\$ 82,054	\$ 81,389	\$ 153,146	\$ 146,835
Bond anticipation notes	65,257	29,960	6,267	11,124	71,524	41,084
Total	136,349	95,406	88,321	92,513	224,670	187,919
Less: Notes refinanced as bonds which mature in the subsequent fiscal year	29,275	-	-	-	29,275	-
Outstanding debt, net of notes that have been refinanced	\$ 107,074	\$ 95,406	\$ 88,321	\$ 92,513	\$ 195,395	\$ 187,919

The City's outstanding debt (net of notes refinanced as bonds, which will mature in the subsequent fiscal year) on June 30, 2001 was \$195,395, an increase of \$7,476 (or 4 percent) over the prior year. This reflects the cash flow requirements of current capital projects, including the New Public Safety Building.

The City maintains a conservative debt borrowing policy with an accelerated debt repayment schedule, and funds a significant level of capital expenditures from current funds. Major capital projects have not been deferred. The City has a rating of AA from Standard & Poor's and an A-2 rating from Moody's Investors Service.

The New York State Constitution restricts the annual real property tax levy for operating expenses to two percent of average full value of taxable City property over the last five years. This limitation does not apply to taxes for debt service. The Constitution also imposes a limit of 9 percent of the most recent five-year average of full valuation of taxable real estate for capital purposes. This limit as of fiscal year end was \$436,660, which is well above the City's outstanding general obligation debt.

Economic Factors and Next Year's Budget and Rates

Rochester has been able to maintain a strong economy even though its major employers have gone through significant downsizing. There are over 90 optics and imaging firms located in the Rochester area. There continues to be a strong concentration of manufacturing employment. Manufacturing accounts for 27% of total nonagricultural employment in the Rochester Metropolitan Area, as compared to the national level of 17%. Other major research, development and manufacturing in the area include automotive products, dental equipment, office duplicating and computing equipment, electrical equipment, measuring and controlling devices and heavy machinery.

Requests for Information

This financial report is designed to provide a general overview of the City of Rochester's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Director of Finance, City Hall – Room 109A, 30 Church Street, Rochester, NY 14614.

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Basic Financial Statements

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET ASSETS
JUNE 30, 2001 (000's Omitted)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School District
ASSETS				
Cash and cash equivalents	\$ 148,074	\$ 15,052	\$ 163,126	\$ 22,673
Investments	37,714	-	37,714	-
Receivables (net of allowance for uncollectibles):				
Accounts	48,597	13,763	62,360	1,942
Taxes	12,430	-	12,430	-
Due from other governments	52,517	357	52,874	38,897
Due from primary government	-	-	-	771
Interfund balances	4,748	(4,548)	200	-
Inventory, at cost	-	-	-	590
Restricted assets:				
Cash and cash equivalents	-	7,742	7,742	-
Capital assets (net of accumulated depreciation):				
Land	20,467	10,754	31,221	17,626
Buildings	77,808	117,228	195,036	111,988
Machinery and equipment	20,464	11,248	31,712	8,272
Improvements other than buildings	3,492	92,477	95,969	-
Infrastructure	288,142	-	288,142	-
Construction in progress	9,095	6,712	15,807	9,343
Total assets	<u>723,548</u>	<u>270,785</u>	<u>994,333</u>	<u>212,102</u>
LIABILITIES				
Accounts payable and accrued liabilities	18,979	2,063	21,042	30,299
Accrued interest payable	2,465	1,557	4,022	-
Payable from restricted assets:				
Accounts payable	-	8	8	-
Interfund balances	-	200	200	-
Due to other governments	20,365	-	20,365	2,765
Due to component unit	771	-	771	-
Deferred revenue	28,027	38	28,065	2,110
Noncurrent liabilities:				
Due within one year	88,408	14,759	103,167	71,492
Due within more than one year	75,117	75,753	150,870	123,971
Total liabilities	<u>234,132</u>	<u>94,378</u>	<u>328,510</u>	<u>230,637</u>
NET ASSETS				
Invested in capital assets, net of related debt	283,119	150,098	433,217	88,207
Restricted for:				
Capital projects	43,032	16,069	59,101	-
Debt service	52,921	3,246	56,167	-
Community development	5,799	-	5,799	-
Cemetery perpetual care	5,176	-	5,176	-
Unrestricted	99,369	6,994	106,363	(106,742)
Total net assets	<u>\$ 489,416</u>	<u>\$ 176,407</u>	<u>\$ 665,823</u>	<u>\$ (18,535)</u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit School District
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 42,860	\$ 8,601	\$ 263	\$ 10,323	\$ (23,673)	\$ -	\$ (23,673)	\$ -
Police	71,400	6,089	2,992	-	(62,319)	-	(62,319)	-
Fire	42,191	566	402	-	(41,223)	-	(41,223)	-
Emergency communications	9,504	8,875	-	-	(629)	-	(629)	-
Transportation	26,302	812	-	3,260	(22,230)	-	(22,230)	-
Environmental services	16,143	15,068	-	-	(1,075)	-	(1,075)	-
Parks & recreation	20,683	2,425	2,703	150	(15,405)	-	(15,405)	-
Library	12,252	1,711	8,362	-	(2,179)	-	(2,179)	-
Community & economic development	30,963	2,796	24,275	1,760	(2,132)	-	(2,132)	-
Interest on long-term debt	5,771	-	-	-	(5,771)	-	(5,771)	-
Total governmental activities	278,069	46,943	38,997	15,493	(176,636)	-	(176,636)	-
Business-type activities:								
Water	21,979	28,833	-	-	-	6,854	6,854	-
War memorial	3,469	1,632	-	-	-	(1,837)	(1,837)	-
Parking	7,883	6,346	-	-	-	(1,537)	(1,537)	-
Cemetery	1,729	1,336	-	-	-	(393)	(393)	-
Public market	644	436	-	266	-	58	58	-
Refuse	19,562	18,854	-	-	-	(708)	(708)	-
Port of Rochester	8	11	-	-	-	3	3	-
Total business-type activities	55,274	57,448	-	266	-	2,440	2,440	-
Total primary government	\$ 333,343	\$ 104,391	\$ 38,997	\$ 15,759	\$ (176,636)	\$ 2,440	\$ (174,196)	\$ -
Component unit:								
Public school system	\$ 529,863	\$ 15,976	\$ 101,932	\$ -	\$ -	\$ -	\$ -	\$ (411,956)
General revenues:								
Property taxes					\$ 126,421	\$ 1,107	\$ 127,528	\$ -
Sales taxes					110,526	-	110,526	-
Other taxes					29,177	919	30,096	-
State aid					57,001	-	57,001	235,010
Investment earnings					8,947	1,162	10,109	2,435
Allocation to school district					(127,300)	-	(127,300)	127,300
Miscellaneous					3,820	1,192	5,012	5,566
Transfers					4,154	(4,154)	-	-
Total general revenues and transfers					212,746	226	212,972	370,311
Change in net assets					36,110	2,666	38,776	(41,645)
Net assets-beginning					453,306	173,741	627,047	23,110
Net assets-ending					\$ 489,416	\$ 176,407	\$ 665,823	\$ (18,535)

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2001 (000's Omitted)

			Capital Projects		Special Revenue	Nonmajor	Total
	General	Debt Service	General	Transportation	Community Development	Governmental Funds	Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 33,278	\$ 43,680	\$ 15,022	\$ 6,102	\$ 10,696	\$ 25,199	\$ 133,977
Investments	-	37,275	120	89	66	164	37,714
Receivables (net of allowance for uncollectibles):							
Accounts	3,128	-	745	-	43,149	1,549	48,571
Taxes	11,551	-	-	-	-	350	11,901
Due from other governments	32,536	-	4,355	555	427	5,459	43,332
Due from other funds	19,452	2,014	47,539	4,898	-	488	74,391
Total assets	<u>\$ 99,945</u>	<u>\$ 82,969</u>	<u>\$ 67,781</u>	<u>\$ 11,644</u>	<u>\$ 54,338</u>	<u>\$ 33,209</u>	<u>\$ 349,886</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 19,347	\$ -	\$ 650	\$ 1,138	\$ 29	\$ 1,876	\$ 23,040
Notes payable	-	29,275	14,828	7,925	-	13,229	65,257
Due to other funds	53,903	2	4,949	281	777	12,117	72,029
Due to other governments	-	-	-	-	20,365	6	20,371
Due to component unit	-	771	-	-	-	-	771
Deferred revenue	11,045	-	-	-	27,368	659	39,072
Total liabilities	<u>84,295</u>	<u>30,048</u>	<u>20,427</u>	<u>9,344</u>	<u>48,539</u>	<u>27,887</u>	<u>220,540</u>
Fund balances:							
Reserved for encumbrances	6,677	-	29,973	7,953	8,327	6,453	59,383
Reserved for noncurrent receivable	2,442	-	-	-	-	-	2,442
Reserved for debt	-	52,921	-	-	-	-	52,921
Unreserved:							
Designated for subsequent years' expenditures	3,119	-	17,381	-	-	-	20,500
Undesignated, reported in:							
General fund	3,412	-	-	-	-	-	3,412
Special revenue fund	-	-	-	-	(2,528)	4,541	2,013
Capital projects fund	-	-	-	(5,653)	-	(10,848)	(16,501)
Permanent fund	-	-	-	-	-	5,176	5,176
Total fund balances	<u>15,650</u>	<u>52,921</u>	<u>47,354</u>	<u>2,300</u>	<u>5,799</u>	<u>5,322</u>	<u>129,346</u>
Total liabilities and fund balances	<u>\$ 99,945</u>	<u>\$ 82,969</u>	<u>\$ 67,781</u>	<u>\$ 11,644</u>	<u>\$ 54,338</u>	<u>\$ 33,209</u>	

Amounts reported for governmental activities in the statement of net asset are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	419,468
Accrual of property and sales taxes to qualify as financial resources	20,759
Internal service fund transferred to governmental activities	14,173
Accrual of interest on bonds and notes payable	(2,465)
Long-term liabilities, including bonds payable, are not reported in the funds.	(91,865)
Net assets of governmental activities	<u>\$ 489,416</u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)

			Capital Projects		Special Revenue	Nonmajor	Total
	General	Debt Service	General	Trans- portation	Community Development	Governmental Funds	Governmental Funds
REVENUES							
Real property tax	\$ 119,159	\$ -	\$ -	\$ -	\$ -	\$ 5,316	\$ 124,475
Sales and other taxes	140,142	-	-	-	-	-	140,142
Departmental	18,743	-	-	-	-	12,841	31,584
Use of money and property	4,943	4,218	88	-	351	940	10,540
Licenses and permits	1,567	-	-	-	-	-	1,567
Federal aid	949	191	5,918	186	18,454	4,594	30,292
State aid	58,610	-	3,812	2,662	-	3,174	68,258
Local sources and other	12,986	220	505	412	2,452	11,532	28,107
Total revenues	357,099	4,629	10,323	3,260	21,257	38,397	434,965
EXPENDITURES							
Current:							
Council and clerk	1,316	-	-	-	-	-	1,316
Administration	8,444	-	-	-	-	-	8,444
Law	1,663	-	-	-	-	-	1,663
Finance	6,776	-	-	-	-	-	6,776
Community development	5,118	-	-	-	17,275	2,346	24,739
Economic development	1,868	-	-	-	-	-	1,868
Environmental services	21,968	-	-	-	-	7,842	29,810
Library	-	-	-	-	-	11,335	11,335
Police	54,718	-	-	-	-	1,394	56,112
Fire	34,008	-	-	-	-	84	34,092
Emergency communications	7,634	-	-	-	-	-	7,634
Parks, recreation and human services	14,040	-	-	-	-	2,056	16,096
Undistributed	40,329	-	-	-	-	3,387	43,716
Capital projects	-	-	29,831	10,000	-	8,036	47,867
Debt service:							
Principal	13,685	-	-	-	-	874	14,559
Interest	4,888	-	-	-	-	320	5,208
Total expenditures	216,455	-	29,831	10,000	17,275	37,674	311,235
Excess (deficiency) of revenues over expenditures	140,644	4,629	(19,508)	(6,740)	3,982	723	123,730
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	20,293	2,346	24,712	4,225	-	2,066	53,642
Transfers (to) other funds	(33,097)	(3,587)	(444)	(2,487)	(4,803)	(8,027)	(52,445)
Transfers (to) component unit	(127,300)	-	-	-	-	-	(127,300)
Proceeds of general obligation debt	-	-	3,225	11,843	-	4,073	19,141
Total other financing sources (uses)	(140,104)	(1,241)	27,493	13,581	(4,803)	(1,888)	(106,962)
Net change in fund balances	540	3,388	7,985	6,841	(821)	(1,165)	16,768
Fund Balances - beginning of year	15,110	49,533	39,369	(4,541)	6,620	6,487	112,578
Fund Balances - end of year	\$ 15,650	\$ 52,921	\$ 47,354	\$ 2,300	\$ 5,799	\$ 5,322	\$ 129,346

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances-total governmental funds	\$ 16,768
Governmental funds report capital outlays as expenditures (\$35,496). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$14,517). This is the amount by which capital outlays exceeded depreciation in the current period.	20,979
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	2,360
Change in accrual of interest payable on notes and bonds payable.	(563)
Change in net assets of the internal service fund reported in governmental activities.	2,506
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect in the treatment of long-term debt. Neither transaction has an effect on net assets.	(4,582)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,358)</u>
Change in net assets of governmental activities	<u>\$ 36,110</u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - NON-GAAP BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Real property tax	\$ 120,922	\$ 126,185	\$ 125,582	\$ (603)
Sales and other taxes	144,412	139,473	141,061	1,588
Charges for services	90,399	89,159	87,934	(1,225)
Use of money and property	4,939	4,940	6,300	1,360
Interest and penalties	-	1,150	1,192	42
Licenses and permits	1,448	1,448	1,567	119
Federal aid	893	972	949	(23)
State aid	58,682	58,717	59,129	412
Local sources and other	20,272	20,576	20,863	287
Total revenues	<u>441,967</u>	<u>442,620</u>	<u>444,577</u>	<u>1,957</u>
EXPENDITURES				
Council and clerk	1,339	1,354	1,322	32
Administration	8,833	8,974	8,587	387
Law	1,744	1,744	1,705	39
Finance	6,866	6,941	6,852	89
Community development	5,442	5,575	5,199	376
Economic development	4,527	4,546	4,154	392
Environmental services	64,872	64,884	64,170	714
Library	11,621	11,678	11,380	298
Police	52,534	56,127	55,792	335
Fire	31,007	34,182	34,150	32
Emergency communications	7,880	7,880	7,655	225
Parks, recreation and human services	17,640	17,705	17,557	148
Undistributed	46,691	48,118	47,653	465
Contingency	8,453	382	-	382
Debt services	36,574	36,574	36,543	31
Total expenditures	<u>306,023</u>	<u>306,664</u>	<u>302,719</u>	<u>3,945</u>
Excess of revenues over expenditures	<u>135,944</u>	<u>135,956</u>	<u>141,858</u>	<u>5,902</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	19,150	19,971	20,853	882
Transfers (to) other funds	(32,231)	(33,394)	(37,820)	(4,426)
Transfers (to) component unit	(127,300)	(127,300)	(127,300)	-
Total other financing uses	<u>(140,381)</u>	<u>(140,723)</u>	<u>(144,267)</u>	<u>(3,544)</u>
Appropriation of prior year fund balance	<u>4,437</u>	<u>4,767</u>	<u>-</u>	<u>\$ (4,767)</u>
Deficiency of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,409)</u>	<u>\$ (2,409)</u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2001 (000's Omitted)

	Business-type Activities- Enterprise Funds						Governmental Activities- Internal Service Fund
ASSETS	Water	Parking	War Memorial	Refuse	Nonmajor Funds	Total Funds	
Current assets:							
Cash and cash equivalents	\$ 4,534	\$ 2,301	\$ 152	\$ 7,849	\$ 216	\$ 15,052	\$ 14,097
Receivables (net of allowance for uncollectibles)	10,795	326	60	1,632	950	13,763	-
Due from other governments	357	-	-	-	-	357	-
Due from other funds	82	257	49	526	39	953	2,412
Total current assets	15,768	2,884	261	10,007	1,205	30,125	16,509
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	4,717	1,054	1,501	208	262	7,742	-
Due from other funds	-	-	-	-	110	110	-
Capital assets:							
Land	453	9,030	165	30	1,076	10,754	-
Buildings	30,237	97,821	43,417	500	2,639	174,614	-
Improvements other than buildings	176,036	1,375	44	365	1,733	179,553	-
Equipment	5,114	795	3,923	15,305	1,312	26,449	-
Construction in progress	4,284	543	417	-	1,468	6,712	-
Less accumulated depreciation	(96,883)	(40,708)	(9,852)	(9,402)	(2,818)	(159,663)	-
Total capital assets (net of accumulated depreciation)	119,241	68,856	38,114	6,798	5,410	238,419	-
Total noncurrent assets	123,958	69,910	39,615	7,006	5,782	246,271	-
Total assets	139,726	72,794	39,876	17,013	6,987	276,396	16,509
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	1,099	153	64	2,716	216	4,248	2,336
Accrued interest payable	766	420	313	5	53	1,557	-
Notes payable	3,591	680	390	-	1,606	6,267	-
Bonds payable	5,160	1,366	765	59	43	7,393	-
Due to other funds	1,688	335	59	2,626	793	5,501	-
Due to other governments	3	-	-	3	-	6	-
Deferred revenue	-	38	-	-	-	38	-
Total current liabilities	12,307	2,992	1,591	5,409	2,711	25,010	2,336
Current liabilities payable from restricted assets:							
Accounts payable	7	-	-	-	1	8	-
Due to other funds	200	-	-	-	110	310	-
Total current liabilities payable from restricted assets	207	-	-	-	111	318	-
Noncurrent liabilities:							
Bonds payable	29,660	23,082	21,467	149	303	74,661	-
Total liabilities	42,174	26,074	23,058	5,558	3,125	99,989	2,336
NET ASSETS							
Invested in capital assets, net of related debt	80,830	43,728	15,492	6,590	3,458	150,098	-
Restricted for debt service	1,985	58	884	208	111	3,246	-
Restricted for capital projects	10,693	2,479	832	1,769	296	16,069	-
Unrestricted	4,044	455	(390)	2,888	(3)	6,994	14,173
Total net assets	\$ 97,552	\$ 46,720	\$ 16,818	\$ 11,455	\$ 3,862	\$ 176,407	\$ 14,173

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)

	Business-type Activities- Enterprise Funds						Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Nonmajor Funds	Total Funds	
Operating Revenues							
Charges for services	\$ 28,833	\$ 6,346	\$ 1,632	\$ 18,854	\$ 1,783	\$ 57,448	\$ -
Operating Expenses							
Personal services	5,471	587	82	5,066	982	12,188	-
Supplies and materials	8,348	2,514	831	10,461	903	23,057	-
Employee benefits	1,596	154	28	2,292	217	4,287	-
Depreciation	4,601	3,227	1,339	1,731	199	11,097	-
Claims settlement	-	-	-	-	-	-	1,204
Total operating expenses	20,016	6,482	2,280	19,550	2,301	50,629	1,204
Operating income(loss)	8,817	(136)	(648)	(696)	(518)	6,819	(1,204)
Nonoperating revenues (expenses)							
Real property taxes	-	-	933	-	174	1,107	-
Sales and use taxes	-	-	919	-	-	919	-
Interest and penalties	1,192	-	-	-	-	1,192	-
Interest on investments	320	120	41	300	381	1,162	753
Interest expense	(1,963)	(1,401)	(1,189)	(12)	(80)	(4,645)	-
Total nonoperating revenues (expenses)	(451)	(1,281)	704	288	475	(265)	753
Income (loss) before operating transfers	8,366	(1,417)	56	(408)	(43)	6,554	(451)
Capital contributions-state aid	-	-	-	-	266	266	-
Transfers in	-	-	-	-	524	524	2,957
Transfers out	(4,678)	-	-	-	-	(4,678)	-
Change in net assets	3,688	(1,417)	56	(408)	747	2,666	2,506
Total net assets-beginning	93,864	48,137	16,762	11,863	3,115	173,741	11,667
Total net assets-ending	\$ 97,552	\$ 46,720	\$ 16,818	\$ 11,455	\$ 3,862	\$ 176,407	\$ 14,173

The notes to the financial statements are an integral part of this statement.

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)**

	Business-type Activities- Enterprise Funds						Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Nonmajor Funds	Total Funds	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 29,160	\$ 6,314	\$ 1,602	\$ 19,196	\$ 1,375	\$ 57,647	\$ -
Payments to suppliers	(10,001)	(2,627)	(853)	(13,106)	(1,053)	(27,640)	(1,063)
Payments to employees	(5,468)	(586)	(81)	(5,062)	(973)	(12,170)	-
Net cash provided (used) by operating activities	13,691	3,101	668	1,028	(651)	17,837	(1,063)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Real property taxes	-	-	933	-	174	1,107	-
Operating grants	-	-	919	-	266	1,185	-
Transfers (to) from other funds	(4,417)	(13)	(107)	(309)	226	(4,620)	1,545
Net cash provided by (used in) noncapital financing activities	(4,417)	(13)	1,745	(309)	666	(2,328)	1,545
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sales of bonds and notes	2,939	600	-	-	1,002	4,541	-
Principal paid on bonds and notes	(5,192)	(2,166)	(1,126)	(64)	(185)	(8,733)	-
Interest expense paid on bonds and notes	(1,946)	(1,441)	(1,203)	(13)	(51)	(4,654)	-
Payments to contractors	(4,284)	(307)	(346)	(131)	(1,479)	(6,547)	-
Proceeds from sale of capital assets	98	271	-	107	-	476	-
Net cash used in capital and related financing activities	(8,385)	(3,043)	(2,675)	(101)	(713)	(14,917)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	320	120	41	300	312	1,093	753
Net increase (decrease) in cash and cash equivalents	1,209	165	(221)	918	(386)	1,685	1,235
Cash and cash equivalents at beginning of year	8,042	3,190	1,874	7,139	864	21,109	12,862
Cash and cash equivalents at end of year	<u>\$ 9,251</u>	<u>\$ 3,355</u>	<u>\$ 1,653</u>	<u>\$ 8,057</u>	<u>\$ 478</u>	<u>\$ 22,794</u>	<u>\$ 14,097</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ 8,817	\$ (136)	\$ (648)	\$ (696)	\$ (518)	\$ 6,819	\$ (1,204)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	4,601	3,227	1,339	1,731	199	11,097	-
(Increase) decrease in accounts receivable	(508)	(32)	(30)	342	(477)	(705)	-
(Increase) in intergovernmental receivables	(357)	-	-	-	-	(357)	-
Increase (decrease) in accounts payable	(19)	1	(7)	(331)	106	(250)	141
Decrease in intergovernmental payables	(18)	(1)	-	(19)	(1)	(39)	-
Accrued interest income	-	-	-	-	69	69	-
Accrued interest expense	(17)	40	14	1	(29)	9	-
Increase in deferred revenue	-	2	-	-	-	2	-
Interest and penalties	1,192	-	-	-	-	1,192	-
Total adjustments	4,874	3,237	1,316	1,724	(133)	11,018	141
Net cash provided (used) by operating activities	<u>\$ 13,691</u>	<u>\$ 3,101</u>	<u>\$ 668</u>	<u>\$ 1,028</u>	<u>\$ (651)</u>	<u>\$ 17,837</u>	<u>\$ (1,063)</u>
Noncash investing, capital, and financing activities:							
Capital assets purchased by governmental funds	\$ -	\$ -	\$ -	\$ -	\$ 414	\$ 414	-

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2001 (000's Omitted)

	Private Grants	Agency	Total Fiduciary Funds
ASSETS			
Cash and cash equivalents	\$ 444	\$ 8,169	\$ 8,613
Investments	847	-	847
Receivables (net of allowance for allowances)	-	46	46
Due from other funds	-	29	29
Total assets	1,291	8,244	9,535
LIABILITIES			
Liabilities			
Accounts payable and accrued liabilities	-	8,009	8,009
Due to other funds	1	54	55
Due to other governments	-	181	181
Total liabilities	1	8,244	8,245
NET ASSETS			
Held in trust and other purposes	\$ 1,290	-	\$ 1,290

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)

	Private Grants
ADDITIONS	
Use of money and property	\$ 46
Local sources and other	340
Total additions	<u>386</u>
DEDUCTIONS	
Community services	<u>254</u>
Change in net assets	132
Net assets-beginning of year	1,158
Net assets-end of year	<u>\$ 1,290</u>

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. REPORTING ENTITY**

The City of Rochester, New York, (the City) was incorporated in 1834 and operates as a Council-Mayor form of government. City Council is the chief policy making body and is made up of nine elected members, five Council members at large and four District Council members. The Mayor is elected for a four-year term and is the head of the executive and administrative branch of City government. Basic City services are provided by the following operating departments: Community Development; Economic Development; Environmental Services; Finance; Library; Parks, Recreation, and Human Services; and Public Safety Administration. The City owns and operates seven enterprise activities: a water system, parking, War Memorial, refuse, cemeteries, public market, and Port of Rochester.

The Rochester City School District is included in the financial statements as a discretely presented component unit, a governmental fund type. A separately elected Board of Education governs the operations of the public schools in the City of Rochester which make up the District. However, the District is financially dependent on the City and has no independent power to contract bonded indebtedness or to levy taxes. The City of Rochester Charter determines how the allocation of revenues and debt-incurring power between the City and the District will be conducted. Complete financial statements for the District may be obtained from the Assistant Superintendent for Business Services, Rochester City School District, 131 West Broad Street, Rochester New York 14614.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The **General Fund** is the City's general operating fund. It accounts for all financial resources except those required to be accounted for in other funds.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The **General Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by, the Transportation Capital Projects Fund, Proprietary Funds and Trust Funds.

The **Transportation Capital Projects Fund** is used to account for infrastructure improvements some of which are reimbursed by New York State.

The **Community Development Fund** is a Special Revenue Fund used to account for the Community Development Block Grant and other federal sources.

The City reports the following major proprietary funds:

The **Water Fund** is used to account for the water utility which produces and distributes water to City residents.

The **Parking Fund** is used to account for public parking facilities operated by the City.

The **War Memorial Fund** is used to account for the operation of the Blue Cross/Blue Shield Arena at the Rochester War Memorial.

The **Refuse Fund** is used to account for the collections and disposal of residential and commercial refuse in the City.

Additionally, the City reports the following fund types:

The City has an **Internal Service Fund** which is used to account for entity-wide general liabilities.

The **Private Grant Fund** is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other Funds.

The **Agency Fund** is used to account for custodial transactions in which assets equal liabilities.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is the chargeback of services, such as utilities, vehicle maintenance, and central costs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues are those which cannot be associated directly with program activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water Fund, refuse collection charges for the Refuse Fund, parking fees for the Parking Fund, and the sale of event tickets for the War Memorial. Operating expenses for the enterprise funds, and the internal service fund, include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. CHANGES IN ACCOUNTING

With this financial report the City has changed its financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. In implementing this change, the City has reclassified a number of funds: The Local Works, Library, and Animal Control funds have been reclassified from the enterprise fund type to the special revenue fund type. The Community Development fund has been reclassified from the capital fund type to the special revenue fund type. Federal and state grant funds, as well as the productivity enhancement fund and some other private grants, have been reclassified from the expendable trust type to the special revenue type. The Perpetual Care Fund has been reclassified from the non-expendable trust type to the permanent fund type.

As part of the implementation of GASB Statement No. 34, the City has opted for early implementation of infrastructure reporting. In so doing, the historical cost of infrastructure assets (retroactive to 1980) are included as part of the governmental capital assets reported in the entity-wide statements. Thus, the depreciated value of construction costs for streets, sewers, bridges, sidewalks, and other improvements related to public right-of-ways, is reported. However, the value of the land on which these assets sit is excluded, because acquisition occurred before 1980, and because it is considered not material at historical costs. (The City's sewer system services, known as the Rochester Pure Waters District, are performed under an operating lease agreement by the Monroe County Pure Water Agency, a division of county government.)

In conjunction with the implementation of GASB 34, the City has opted for early implementation of GASB 38, *Certain Financial Statement Note Disclosures*, which rescinds some and modifies other financial statement disclosure requirements.

E. USE OF ESTIMATES

The preparation of general purpose financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

F. REAL PROPERTY TAX

Property taxes are levied as of July 1st, on which date they become liens on real property, and are payable in quarterly installments due on July 31st, September 30th, January 31st and March 31st. All non-*ad valorem* amounts are due with the first quarterly installment.

The City is permitted by the Constitution of New York State to levy taxes up to 2% of the five-year average full assessed valuation for general governmental services other than the payment of debt service and capital expenditures. The City utilizes a full value system, assessing all properties at 100% of full market value. For the year ended June 30, 2001, the City had a legal margin of approximately \$47.6 million.

G. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

New York State General Municipal Law (Article 2 Section 11) governs the City's investment policies. The City is authorized to deposit or invest funds in banks or trust companies located and authorized to do business in New York State. City Council ordinance authorizes the specific banks or trust companies which may be used as depositories. Funds generally can be invested in time deposits, certificates of deposit, obligations of the U. S. Government and its agencies, and New York State and its municipalities.

Deposits include demand deposits and certificates of deposit. Deposits are collateralized with eligible securities of an aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation. Securities that may be pledged as collateral are limited to obligations of the United States or any obligation fully insured as to interest and principal by the United States acting through an agency, and obligations of New York State or obligations of any municipal corporation, school district, or district corporation of the State of New York.

Cash equivalents include U.S. Government securities and U. S. Government securities purchased through repurchase agreements. All highly liquid investments, both restricted and unrestricted, with an original maturity of approximately three months or less are considered to be cash equivalents. Repurchase agreement securities are valued monthly to confirm that the fair value of the securities is equal to or greater than the value of the investment. The market value includes accrued interest from unmatured coupons on U.S. Treasury securities. Interest earnings are recorded at maturity and generally allocated to the appropriate fund by outstanding balance.

The City, in accordance with Governmental Accounting Standards Board Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, reports investments at fair value, as derived from market value, in the balance sheet. In addition, income from investments associated with one fund is assigned to other funds because of legal or contractual provisions.

2. Restricted Assets

Certain assets are classified on the balance sheet as restricted because their use is limited. The proceeds of bonds and note sales can only be used for the stated purpose of the borrowing. Property taxes collected for debt service payments are legally restricted for that purpose. Community Development Block Grant funds must be used only for approved programs. Cemetery perpetual care funds cannot be expended. However, the interest earnings can only be spent for cemetery maintenance functions.

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives.

Class	Life in Years
Buildings	30-60
Improvements Other than Buildings	10-20
Infrastructure	5-60
Water System	65
Equipment	6-15

4. Compensated Absences

It is the City's policy to pay employees for unused vacation and compensatory time when there is a separation from service. For governmental activities, the current portion of this liability is accrued in the appropriate fund and the long-term portion is accrued in the entity-wide statement of net assets as noncurrent liabilities. For business-type funds, the full liability is recognized at both the fund and entity-wide level.

5. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, if any, are deposited in the debt service fund and used to retire debt in the respective funds. Bond issuance costs which are immaterial are charged as a general fund operating expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as finance department expenditures in the general fund.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Encumbrances & Commitments

Commitments are recorded at the time a purchase order, construction contract, or service agreement is finalized. In governmental funds, commitments are encumbered and reported as reservations of fund balances, since they do not constitute expenditures or liabilities. Total encumbrances for construction and other governmental fund capital projects as of June 30, 2001 were \$42.2 million. This was composed of \$30.0 million in General Government projects, \$8.0 million in Transportation projects, as well as \$4.2 million in other governmental fund capital projects. In addition, \$8.3 million was encumbered in the Special Revenue fund for Community Development projects.

In enterprise funds, commitments outstanding at the year end are included in Unrestricted Net Assets. Total commitments for construction and other enterprise fund capital projects as of June 30, 2001 were \$8.7 million. This was composed of \$5.9 million for Water Fund projects, \$1.1 million for Parking Fund projects, \$1.1 million for Refuse Fund projects, \$.3 million for Public Market Fund projects, and \$.3 million for War Memorial Fund projects.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City Council appropriates a total expenditure budget based on projected revenues. The budget allocations among the various organizational units, as amended by City Council, are included in the Combined Statement of Revenues, Expenditures and Changes in Fund Equity - Budget and Actual, General, Certain Special Revenue and Enterprise Fund, Non-GAAP - Budget Basis. The City's annual operating budget includes estimated revenues and appropriations for the general fund, enterprise funds and certain special revenue funds (Animal Control, Library, and Local Works). In accordance with City Charter provisions, budget compliance is on a departmental basis rather than at the fund level.

Appropriations for all budgets lapse at fiscal year-end. The combined General, Special Revenue, and Enterprise fund budget is adopted on a departmental basis in which expenditures may not legally exceed appropriations on a departmental level. Current year encumbrances are included with expenditures; however, the expenditure of prior years' encumbrances is not included.

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the Mayor and the Board of Education submit, to the City Council, proposed operating budgets for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to review the budgets with City Council.
3. Prior to July 1, the budgets are legally enacted through passage of ordinances.
4. The Mayor has the authority to transfer budgeted amounts between accounts within any department; however, any increases to department totals must be approved by City Council.

During the year, City Council passed budget amendments which increased total appropriations for operating budgets by \$1,804,000: estimated revenues increased by \$653,000, Transfers from other funds increased by \$821,000, and appropriation of prior year fund balance increased by \$330,000.

B. DEFICIT FUND EQUITY

It has been the City's practice to fund capital projects for up to five years with Bond Anticipation Notes, then convert to bonds when the final project costs are known and when long term rates are most favorable, minimizing interest cost for the City. Thus, the deficit fund balances in the Capital Project Funds will be eliminated once the Bond Anticipation Notes are converted to bonds. Individual deficit fund balances in the Capital Project Funds are as follows: Economic Assistance Fund (\$3,801,000), Cultural and Recreation Fund (\$2,374,000), and Sewers (\$447,000).

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

1. Deposits

At year end, the carrying amount of the City's deposits net of outstanding checks, including certificates of deposit, was \$133,693,000 and the bank balance was \$153,383,000. Of this, \$37,465,000 was insured or collateralized with securities held by the City or by its agent in the City's name, and \$115,918,000 was collateralized with securities held by the bank's trust department or its agent in the City's name.

The carrying amount for the School District's deposits net of outstanding checks, including certificates of deposit, was \$6,948,000 and the bank balance was \$11,644,000, all of which was collateralized with securities held by the City or its agent in the City's name.

2. Cash Equivalents

The City's and the School District's cash equivalents are categorized into one of three credit risk categories: Category 1 — insured or registered or for which the securities are held by the City or its agent in the City's name; or Category 2 — uninsured and unregistered for which the securities are held by the bank's trust department or agent in the City's name; or Category 3 — uninsured and unregistered for which the securities are held by the bank or by its trust department or agent but not in the City's name.

A summary of the City's cash equivalents follows (000's Omitted):

<u>Type of Cash Equivalent</u>	<u>Credit Risk Category 1</u>	<u>Credit Risk Category 2</u>	<u>Credit Risk Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreement	41,721	-	-	41,721	42,560
Certificates of Deposit	3,950	-	-	3,950	3,950
Government Securities	117	-	-	117	117
	<u>\$ 45,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,788</u>	<u>\$ 46,627</u>

A summary of the School District's cash equivalents follows (000's Omitted):

<u>Type of Cash Equivalent</u>	<u>Credit Risk Category 1</u>	<u>Credit Risk Category 2</u>	<u>Credit Risk Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 15,725	\$ -	\$ -	\$ 15,725	\$ 16,040

3. Investments

The City refinanced certain Bond Anticipation Notes as Bonds. However, since the Bond Anticipation Notes have not matured, the proceeds of the bonds (\$29,275,000) have been invested in a U.S. Treasury State and Local Government Security.

<u>Type of Investment</u>	<u>Credit Risk Category 1</u>	<u>Credit Risk Category 2</u>	<u>Credit Risk Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Certificates of Deposit	\$ 8,000	\$ -	\$ -	\$ 8,000	\$ 8,000
Government Securities	29,648	432	-	30,080	30,352
Library Trust Fund Stock	415	-	-	415	415
Development Partnership	-	-	66	66	66
	<u>\$ 38,063</u>	<u>\$ 432</u>	<u>\$ 66</u>	<u>\$ 38,561</u>	<u>\$ 38,833</u>

In accordance with certain contractual provisions, investment income of \$1,143,900 for fiscal year 2001, associated with the Capital Projects Fund, was assigned to the Debt Service Fund. In addition, investment income of \$319,000 for fiscal year 2001, associated with the Permanent Fund, was assigned to the Enterprise Fund.

B. RECEIVABLES AND PAYABLES

There were \$62,360,000 in accounts receivable. The major governmental receivable was \$43,149,000 in economic development and housing loans made from the Community Development Special Revenue Fund. The major business-type receivables were for the Water Fund (\$10,795,000) and the Refuse Fund (\$1,632,000).

Receivables are reported net of allowance for uncollectibles, which were established based on current collection experience. Allowances for uncollectibles for major revenues sources are as follows: General Fund property taxes (\$3,411,7000), Water Fund (\$2,523,600), and Refuse Fund (\$1,602,000).

The amount due from other governments to the City as of June 30, 2001 was \$52.9 million. This was comprised of the following items: \$29.9 million from New York State, \$17.9 million from Monroe County, \$4.7 million from the Federal Government, and \$.4 million from the Monroe Water Authority.

The amount due from other governments to the School District as of June 30, 2001 was \$38.9 million. This was comprised of the following items: \$25.2 million from New York State, \$11.9 million from the Federal Government, \$1.2 million from Monroe County, and \$.6 million from other local sources.

The \$21,042,000 in Accounts Payable at year end was principally made up of vouchers expensed but not yet disbursed and payroll liability not yet disbursed, both due to the normal lag in processing such transactions.

C. CAPITAL ASSETS**City Changes in the City's Governmental Activities Capital Assets (000's Omitted)**

<u>Class</u>	<u>Balance June 30, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2001</u>
Capital assets, not being depreciated:				
Land	\$ 20,557	\$ 12	\$ 102	\$ 20,467
Construction in progress	1,679	7,812	396	9,095
Total capital assets, not being depreciated	<u>\$ 22,236</u>	<u>\$ 7,824</u>	<u>\$ 498</u>	<u>\$ 29,562</u>
Capital assets, being depreciated:				
Buildings	\$ 118,685	\$ 3,013	\$ 10	\$ 121,688
Improvements other than buildings	10,385	46	154	10,277
Machinery and equipment	60,354	5,980	2,207	64,127
Infrastructure	332,066	19,513	-	351,579
Total capital assets being depreciated	<u>521,490</u>	<u>28,552</u>	<u>2,371</u>	<u>547,671</u>
Less accumulated depreciation for:				
Buildings	40,779	3,108	7	43,880
Improvements other than buildings	6,424	374	13	6,785
Machinery and Equipment	40,725	4,904	1,966	43,663
Infrastructure	57,306	6,131	-	63,437
Total accumulated depreciation	<u>145,234</u>	<u>14,517</u>	<u>1,986</u>	<u>157,765</u>
Total capital assets, being depreciated, net:	<u>376,256</u>	<u>14,035</u>	<u>385</u>	<u>389,906</u>
Governmental activities capital assets, net:	<u>\$ 398,492</u>	<u>\$ 21,859</u>	<u>\$ 883</u>	<u>\$ 419,468</u>

Changes in the City's Business-type Activities Capital Assets (000's Omitted):

<u>Class</u>	<u>Balance June 30, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2001</u>
Capital assets, not being depreciated:				
Land	\$ 10,981	\$ 44	\$ 271	\$ 10,754
Construction in progress	8,441	-	1,729	6,712
Total capital assets, not being depreciated	<u>\$ 19,422</u>	<u>\$ 44</u>	<u>\$ 2,000</u>	<u>\$ 17,466</u>
Capital assets, being depreciated:				
Buildings	\$ 173,474	\$ 1,143	\$ 3	\$ 174,614
Improvements other than buildings	172,557	6,996	-	179,553
Machinery and equipment	30,578	721	4,850	26,449
Total capital assets being depreciated	<u>376,609</u>	<u>8,860</u>	<u>4,853</u>	<u>380,616</u>
Less accumulated depreciation for:				
Buildings	51,958	5,431	3	57,386
Improvements other than buildings	83,978	3,098	-	87,076
Machinery and equipment	17,063	2,568	4,430	15,201
Total accumulated depreciation	<u>152,999</u>	<u>11,097</u>	<u>4,433</u>	<u>159,663</u>
Total capital assets, being depreciated, net:	<u>223,610</u>	<u>(2,237)</u>	<u>420</u>	<u>220,953</u>
Business-type activities capital assets, net:	<u>\$ 243,032</u>	<u>\$ (2,193)</u>	<u>\$ 2,420</u>	<u>\$ 238,419</u>

Depreciation expense was charged to City functions and programs as follows (000's Omitted):

Governmental activities:

General government	\$	3,312
Police		1,222
Fire		1,045
Environmental services		1,222
Parks & recreation		1,505
Community & economic development		80
Infrastructure		6,131
Total depreciation expense - governmental activities	\$	<u>14,517</u>

Business-type activities:

Water	\$	4,601
Parking		3,227
War Memorial		1,339
Refuse		1,731
Cemetery		132
Public Market		59
Port		8
Total depreciation expense - business type activities	\$	<u>11,097</u>

**Discretely presented Component Unit
Changes in the School District's Capital Assets (000's Omitted):**

<u>Class</u>	<u>Balance June 30, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2001</u>
Capital assets, not being depreciated:				
Land	\$ 16,902	\$ 724	\$ -	\$ 17,626
Construction in progress	-	9,343	-	9,343
Total capital assets, not being depreciated	<u>\$ 16,902</u>	<u>\$ 10,067</u>	<u>\$ -</u>	<u>\$ 26,969</u>
Capital assets, being depreciated:				
Buildings	\$ 176,766	\$ -	\$ -	\$ 176,766
Machinery and equipment	40,899	2,905	11,789	32,015
Total capital assets being depreciated	<u>217,665</u>	<u>2,905</u>	<u>11,789</u>	<u>208,781</u>
Less accumulated depreciation for:				
Buildings	61,577	3,201	-	64,778
Machinery and equipment	33,465	1,536	11,258	23,743
Total accumulated depreciation	<u>95,042</u>	<u>4,737</u>	<u>11,258</u>	<u>88,521</u>
Total capital assets, being depreciated, net:	<u>122,623</u>	<u>(1,832)</u>	<u>531</u>	<u>120,260</u>
School District capital assets, net:	<u>\$ 139,525</u>	<u>\$ 8,235</u>	<u>\$ 531</u>	<u>\$ 147,229</u>

D. NONCURRENT LIABILITIES

The following two tables summarize changes in the City's Noncurrent liabilities for the year ended June 30, 2001:

Changes in Noncurrent Liabilities – Governmental Activities (000's Omitted):

	Balance June 30, 2000	New Issues/ Additions	Notes Converted to Bonds	Maturities and/or Payments	Balance June 30, 2001	Due Within One Year
General Obligation Bonds						
Public improvement	\$ 47,379	\$ -	\$ 17,756	\$ 10,301	\$ 54,834	\$ 12,082
Sewer	11,615	-	1,209	2,320	10,504	2,244
Library	6,408	-	176	867	5,717	828
Local works	44	-	-	7	37	7
Total General Obligation Bonds	65,446	-	19,141	13,495	71,092	15,161
Bond Anticipation Notes						
Public improvement	28,033	27,706	17,756	3,190	34,793	34,793
Sewer	1,751	844	1,209	197	1,189	1,189
Library	176	-	176	-	-	-
Total Capital Project Funds	29,960	28,550	19,141	3,387	35,982	35,982
Debt Service Fund	-	29,275	-	-	29,275	29,275
Total Bond Anticipation Notes	29,960	57,825	19,141	3,387	65,257	65,257
Other Noncurrent liabilities:						
Municipal Bond Bank Agency Liability	12,975	-	-	1,063	11,912	1,106
Compensated Absences	10,649	67	-	-	10,716	3,784
Pension Liability	353	132	-	-	485	485
Workers' Compensation	2,899	1,164	-	-	4,063	2,615
Total Other Noncurrent liabilities	26,876	1,363	-	1,063	27,176	7,990
TOTAL NONCURRENT LIABILITIES	\$ 122,282	\$ 59,188	\$ 38,282	\$ 17,945	\$ 163,525	\$ 88,408

Changes in Noncurrent Liabilities – Business-type Activities (000's Omitted):

	Balance June 30, 2000	New Issues/ Additions	Notes Converted to Bonds	Maturities and/or Payments	Balance June 30, 2001	Due Within One Year
General Obligation Bonds						
Water	\$ 34,707	\$ -	\$ 4,979	\$ 4,866	\$ 34,820	\$ 5,160
War Memorial	19,898	-	2,900	566	22,232	766
Parking	26,499	-	-	2,051	24,448	1,366
Cemeteries	9	-	-	1	8	2
Public Market	4	-	335	1	338	41
Refuse	272	-	-	64	208	59
Total General Obligation Bonds	81,389	-	8,214	7,549	82,054	7,394
Bond Anticipation Notes						
Water	5,957	2,939	4,979	326	3,591	3,591
War Memorial	3,850	-	2,900	560	390	390
Parking	195	600	-	115	680	680
Public Market	1,122	1,002	335	183	1,606	1,606
Total Bond Anticipation Notes	11,124	4,541	8,214	1,184	6,267	6,267
Other Noncurrent liabilities:						
Compensated Absences	868	29	-	-	897	448
Pension Liability	46	-	-	39	7	6
Workers' Compensation	1,233	54	-	-	1,287	644
Total Other Noncurrent liabilities	2,147	83	-	39	2,191	1,098
TOTAL NONCURRENT LIABILITIES	\$ 94,660	\$ 4,624	\$ 16,428	\$ 8,772	\$ 90,512	\$ 14,759

The following table summarizes changes in the Component Unit's Noncurrent liabilities for the year ended June 30, 2001:

Changes in Noncurrent Liabilities – School District (000's Omitted):

	Balance June 30, 2000	New Issues/ Additions	Notes Converted To Bonds	Maturities And/or Payments	Balance June 30, 2001	Due Within One Year
General Obligation Bonds						
General Fund	\$ 98,885	\$ -	\$ 37,270	\$ 19,625	\$ 116,530	\$ 22,405
Bond Anticipation Notes						
Capital Projects Fund	55,480	27,295	37,270	4,072	41,433	26,572
Other Noncurrent Liabilities						
Municipal Bond Bank Agency	13,017	-	-	1,067	11,950	1,109
Due to Other Governments	-	6,500	-	-	6,500	6,500
Contract Payable	-	8,362	-	-	8,362	8,362
Claims Payable	5,177	6,888	-	5,118	6,947	3,491
Compensated Absences	1,312	2,579	-	1,312	2,579	2,579
Installment Purchase Debt	939	635	-	412	1,162	474
Total Other Noncurrent Liabilities	<u>20,445</u>	<u>24,964</u>	<u>-</u>	<u>7,909</u>	<u>37,500</u>	<u>22,515</u>
Total Noncurrent Liabilities	<u>\$174,810</u>	<u>\$ 52,259</u>	<u>\$ 74,540</u>	<u>\$ 31,606</u>	<u>\$195,463</u>	<u>\$ 71,492</u>

Bond Anticipation Notes with rates ranging from 3.78% to 4.75% have maturities which extend through March 2002.

In fiscal year 1992, permanent financing of \$35 million was arranged through the New York State Municipal Bond Bank Agency (MBBA) with the issuance of 20-year Special Program Revenue Bonds, which was used to repay the State for taxpayer refunds resulting from the City taxing in excess of its Constitutional tax limit from 1975 to 1978. In fiscal year 1999, these MBBA bonds were refinanced under lower interest rates for the same term, which is through March 2011. These bonds, which are collateralized by annual payments of the City pursuant to an agreement between MBBA and the City, are not debt of the State or the City, but rather of the MBBA. The principal balance of \$23,861,100 as of June 30, 2001 will be repaid by the City and School District. In fiscal year 2001, the City made interest payments of \$616,900, and the School District made interest payments of \$618,900. Annual principal and interest payments by the City and the School District will be \$3.6 million through fiscal year 2010.

In compliance with Internal Revenue Service regulations regarding arbitrage restrictions on tax exempt bonds, the City remitted \$224,100 and the School District remitted \$6,500 to the Internal Revenue Service in fiscal year 2001 for arbitrage rebates.

The City and the Component Unit (School District) debt service requirements for general obligation bonds are payable during future years ended June 30 as follows (000's Omitted):

Fiscal Year Ending	Governmental Activities		Business-type Activities		Component Unit		TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest	
June 30							
2002	\$ 15,162	\$ 3,327	\$ 7,393	\$ 4,109	\$ 22,405	\$ 4,972	\$ 57,368
2003	12,986	2,544	7,174	3,711	21,945	3,884	52,244
2004	11,646	1,927	6,779	3,352	18,780	2,950	45,434
2005	10,076	1,379	6,604	3,007	15,140	2,154	38,360
2006	7,691	921	6,334	2,672	9,855	1,567	29,040
2007-2011	12,285	1,476	18,695	9,928	25,545	2,899	70,828
2012-2016	705	175	11,295	6,202	2,860	168	21,405
2017-2021	225	95	9,190	3,564	-	-	13,074
2022-2026	225	45	7,595	1,188	-	-	9,053
2027-2028	91	4	995	40	-	-	1,130
	<u>\$ 71,092</u>	<u>\$ 11,893</u>	<u>\$ 82,054</u>	<u>\$ 37,773</u>	<u>\$ 116,530</u>	<u>\$ 18,594</u>	<u>\$ 337,936</u>

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for a period equivalent to one-half of the period of probable usefulness for each improvement as defined by the New York State Local Finance Law. The interest rates on long-term debt range from 4.0% to 8.9% with maturity dates through fiscal 2028. Bonds authorized but unissued as of June 30, 2001, amounted to \$15.9 million. The debt contracting margin of the City as of June 30, 2001, was \$126.9 million.

E. DEFERRED REVENUE

Under the accrual method of accounting revenue must be recognized as soon as it is earned, regardless of availability. Thus, deferred revenue is reported as income on the entity-wide statements. Conversely, under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period. Thus, deferred revenue is reported as a liability on the fund level statements.

Deferred revenue of \$11.0 million in the General Fund relates primarily to property taxes which will not be collected within sixty days. Deferred revenue of \$27.4 million in the Community Development Special Revenue Fund relates to long-term receivable balances from various community development programs.

Deferred revenue of \$2.1 million for the School District is composed of \$.6 million of prepaid Medicaid reimbursements, \$.6 million prepaid retiree health insurance premiums, \$.5 million for Special Aid Fund projects, and \$.4 million of other items.

F. LEASE OF SEWER AND WASTE DISPOSAL FACILITIES

The City has entered into a contract with the Monroe County Pure Waters District (MCPWD), under which MCPWD leases all of its sewer system and waste treatment facilities and assumes most of the related debt service costs on obligations incurred by the City in connection with these facilities. In fiscal year 2001, these debt service costs amounted to \$3,283,400 of which \$2,221,200 was reimbursed by MCPWD.

IV. OTHER INFORMATION

A. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been fully self-insured for all workers' compensation and general liability risks for over twenty years. Settled claims have not exceeded established reserves. Workers' compensation claims are funded from a liability reserve in the General Fund, and Enterprise Funds. General liability and property liability claims are funded from contributions made to a Claims Settlement Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

At June 30, 2001, the amount of these liabilities was \$7.7 million. Liability estimates are based on the valuations of the insurance companies administering the programs. Changes in the reported liability since June 30, 1999 resulted from the following (000's Omitted):

	<u>Workers'</u> <u>Compensation</u>	<u>General Liability</u>	<u>Total</u>
Estimated claims June 30, 1999	\$ 3,247	\$ 1,953	\$ 5,200
Claims incurred 1999-00	2,989	1,106	4,095
Payments 1999-00	<u>(2,104)</u>	<u>(864)</u>	<u>(2,968)</u>
Estimated claims June 30, 2000	<u>\$ 4,132</u>	<u>\$ 2,195</u>	<u>\$ 6,327</u>
Claims incurred 2000-01	4,321	1,345	5,666
Payments 2000-01	<u>(3,102)</u>	<u>(1,204)</u>	<u>(4,306)</u>
Estimated claims June 30, 2001	<u><u>\$ 5,351</u></u>	<u><u>\$ 2,336</u></u>	<u><u>\$ 7,687</u></u>

Third party insurance is maintained by the School District on vehicles, boilers and machines, stop loss for major medical benefits, aviation and pupil accidents. Also, the School District carries a general liability policy with a self-insured retention of \$500,000 and a \$10,000,000 limit for each occurrence and \$20,000,000 limit for general aggregate.

The schedule below presents the changes in the School District's estimated claims at June 30, 2001 for workers' compensation and major medical programs. The estimated claims for workers' compensation represent claims which have occurred and are open, due to an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board. The calculation is based on the present value of future payouts. The estimated claims for major medical represent an amount based on prior experience with actual payments of claims (000's Omitted):

	<u>Workers'</u> <u>Compensation</u>	<u>Major</u> <u>Medical</u>	<u>Total</u>
Estimated claims June 30, 1999	\$ 5,494	\$ 304	\$ 5,798
Claims incurred 1999-00	1,934	2,175	4,109
Payments 1999-00	<u>(2,251)</u>	<u>(2,186)</u>	<u>(4,437)</u>
Estimated claims June 30, 2000	<u>\$ 5,177</u>	<u>\$ 293</u>	<u>\$ 5,470</u>
Claims incurred 2000-01	6,888	2,336	9,224
Payments 2000-01	<u>(5,118)</u>	<u>(2,371)</u>	<u>(7,489)</u>
Estimated claims June 30, 2001	<u>\$ 6,947</u>	<u>\$ 258</u>	<u>\$ 7,205</u>

B. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these suits is not presently determinable, in the opinion of the City's Corporation Counsel, the resolution of these matters will not have a material adverse effect on the financial condition or results of operation.

C. POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides certain health care and life insurance benefits for retired employees on a pay-as-you-go basis. The City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on the benefits paid during the year. The amount paid for the year ended June 30, 2001 for this purpose was approximately \$8,977,400. The number of eligible participants enrolled to receive such benefits was 2,384 retirees.

The School District finances its post-employment health care benefits on a pay-as-you-go basis. The expenditure recognized at June 30, 2001 for this purpose was \$3,706,200. The number of eligible participants enrolled to receive such benefits was 2,781 retirees.

D. EMPLOYEE RETIREMENT SYSTEMS**1. Description of Plans**

The City participates in the New York State and Local Employees' Retirement System (ERS), and the New York State and Local Police and Fire Retirement System (PFRS). The School District also participates in the New York State and Local Employees' Retirement System and in the New York State and the Local Teachers' Retirement System (TRS). These are cost sharing multiple public employer retirement systems (Systems). Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service.

All participating employers in each System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Systems. The Systems are noncontributory except for employees who joined the Employees' Retirement System after July 27, 1976, or the Teachers' Retirement System after June 30, 1976, who contribute 3% of their salary during the first 10 years of service. Employee contributions are deducted by employers from employees' paychecks and are sent currently to the Retirement System.

The total payroll for all employees of the City for fiscal year 2001 was \$159.0 million of which \$74.1 million represented payroll costs for employees covered by ERS, \$76.6 million by PFRS, and \$8.3 million for nonparticipating employees. Contribution rates for fiscal year 2001 were .3% for ERS and 1.6% for PFRS. All full-time police officers and firefighters are mandatory members.

The total payroll for all employees of the School District for fiscal 2001 was \$285.0 million of which \$218.5 represented payroll costs for employees covered by TRS, \$47.6 million by ERS, and \$18.9 million for nonparticipating employees. Contribution rates for fiscal 2001 were 2.1% for TRS and .3% for ERS. All full-time teachers are mandatory members.

2. Contributions & Liabilities

Contributions payable to the Employees' and Police and Fire Retirement Systems are billed on the basis of salaries paid during the Systems' fiscal year ending March 31, and are made in accordance with funding requirements determined by the actuaries of the Systems.

Payments to the Teachers' Retirement System, which are made in accordance with funding requirements determined by the actuary of the System, are deducted from State Aid payments to the School District. The contributions for salaries paid for the year ended June 30, 2001 were made in three monthly installments starting in September of 1999.

Contributions for the Retirement Systems made by the City over the past three fiscal years, which were equal to the required contributions, were as follows (000's Omitted):

<u>Fiscal Year</u>	<u>Employees' Retirement System</u>	<u>Police and Fire Retirement System</u>	<u>Total Retirement Systems</u>
1999	\$ 619	\$ 1,707	\$ 2,326
2000	179	1,482	\$ 1,661
2001	246	1,260	\$ 1,506

Contributions for the Retirement Systems made by the School District over the past three fiscal years, which were equal to the required contributions, were as follows (000's Omitted):

<u>Fiscal Year</u>	<u>Employees' Retirement System</u>	<u>Teachers' Retirement System</u>	<u>Total Retirement Systems</u>
1999	\$ 581	\$ 4,193	\$ 4,774
2000	174	4,518	\$ 4,692
2001	163	4,496	\$ 4,659

The total liability for the City and the School District as of June 30, 2001, included in due to other governments, is as follows (000's Omitted):

	<u>Employees' Retirement System</u>	<u>Police and Fire Retirement System</u>	<u>Teachers' Retirement System</u>	<u>Total Retirement Systems</u>
City	\$ 148	\$ 344	\$ -	\$ 492
School District	305	-	4,983	\$ 5,288
Total of City and School District	<u>\$ 453</u>	<u>\$ 344</u>	<u>\$ 4,983</u>	<u>\$ 5,780</u>

The total liability as of June 30, 2001 includes the period of April 1 - June 30, 2001 for the Employees' and Police and Fire Retirement Systems; and the period July 1, 2000 - June 30, 2001 for the Teachers' System. It is the policy of the City and the School District to record pension costs on the modified accrual basis for governmental funds. Pension costs of the proprietary funds are recognized on the accrual basis.

The annual report containing financial statements and required supplemental information for the Employees' and the Police and Fire Retirement Systems, may be obtained from the New York State and Local Retirement Systems, Governor Smith State Building, Albany, NY 12244. The annual report for the New York State Teachers' Retirement System may be obtained by writing to 10 Corporate Woods Drive, Albany, NY 12211-2935.

3. Prior Plan

Prior to its participation in the New York State Police and Fire Retirement System, the City had a pension plan covering firemen, policemen and their widows. It is the policy of the City to provide for payments to the beneficiaries of this plan out of current operations. The City is not required to pay benefits under this plan and the beneficiaries do not have a vested right to benefits. During the year ended June 30, 2001, approximately \$176,500 was paid by the City. On June 30, 2001, there were 21 widows and 1 retired employee receiving payments under this plan. The pension benefit obligation of this plan is not significant to the City.

I. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

To improve cash management, all City disbursements are made from a consolidated account in the general fund. Also, the cash balances of certain capital funds are consolidated to maximize investment return. Both these cash management practices, as well as normal delays in processing interfund transfers and reimbursements, are the main reason why interfund receivables and payables exist. These receivables and payables are short term in nature and are typically repaid in less than one year. The following schedule summarizes individual fund interfund receivables and payables at June 30, 2001 (000's Omitted):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Capital	\$ 4,949
	Transportation Capital	281
	Community Development	777
	Nonmajor governmental	7,579
	Water	1,888
	Parking	335
	War Memorial	59
	Refuse	2,626
	Nonmajor proprietary	903
	Fiduciary	55
Debt Service	General	2,014
General Capital	General	47,536
	Nonmajor governmental	3
Transportation Capital	General	794
	Nonmajor governmental	4,104
Nonmajor governmental	General	73
	Nonmajor governmental	415
Water	General	80
	Debt Service	2
Parking	General	257
War Memorial	General	49
Refuse	General	510
	Nonmajor governmental	16
Nonmajor proprietary	General	149
Internal Service	General	2,412
Fiduciary	General	29
		<u>\$ 77,895</u>

Transfers among funds are provided for as part of the annual budget process. They facilitate annual contributions from the operating budget to capital project funds. They also facilitate the contribution of enterprise earnings to the general fund. Interfund transfers for the fiscal year ending June 30, 2001, which were routine in nature, were as follows (000's Omitted):

<u>Transfer In:</u>								
<u>Transfer out:</u>	<u>General</u>	<u>Debt Service</u>	<u>General Capital</u>	<u>Transportation Capital</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Proprietary</u>	<u>Internal Service</u>	<u>Total</u>
General fund	\$ -	\$ 2,014	\$ 24,712	\$ 1,995	\$ 1,309	\$ 110	\$ 2,957	\$ 33,097
Debt Service	3,561	-	-	-	26	-	-	3,587
General Capital	-	30	-	-	-	414	-	444
Transportation Capital	2,200	287	-	-	-	-	-	2,487
Community Development	4,803	-	-	-	-	-	-	4,803
Nonmajor Governmental	5,051	15	-	2,230	731	-	-	8,027
Water	4,678	-	-	-	-	-	-	4,678
	<u>\$ 20,293</u>	<u>\$ 2,346</u>	<u>\$ 24,712</u>	<u>\$ 4,225</u>	<u>\$ 2,066</u>	<u>\$ 524</u>	<u>\$ 2,957</u>	<u>\$ 57,123</u>

Nonmajor Governmental Funds

Capital Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Economic Assistance Fund - This fund accounts for capital investments targeted to promote the City's economic development.

Cultural/Recreation Fund - This fund accounts for capital investments in the City's cultural and recreation facilities, which includes library, and parks and recreation facilities.

Sewer Fund - This fund accounts for capital investments in the City's sewer infrastructure.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose

Animal Control - This fund accounts for the revenues and expenditures of the City's Animal Control Center.

Library Fund - This fund accounts for the revenues and expenditures of the City's central library and eleven branch libraries.

Local Works Fund – This fund accounts for snow plowing, street cleaning and grass cutting, financed primarily by special assessments.

Federal Projects Fund – This fund accounts for a number of federal grants that provide for City programs.

State Projects Fund - This fund accounts for a number of state grants that provide for City programs.

Other Funds - This accounts for funds restricted by City Council for special projects.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's program.

Cemetery Fund – This fund is a perpetual care fund consisting of deposits intended to provide for the maintenance of the City's cemeteries. Interest earnings are transferred to the Cemetery Enterprise Fund to partially offset a portion of maintenance costs.

THE CITY OF ROCHESTER, NEW YORK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2001 (000's Omitted)

	Economic Assistance	Capital Projects Cultural/ Recreation	Sewers	Animal Control	Library	Local Works	Special Revenue Federal Projects	State Projects	Other	Permanent Fund Cemetery	Total Nonmajor Governmental Funds
ASSETS											
Cash and cash equivalents	\$ 2,753	\$ 1,892	\$ 742	\$ 316	\$ 259	\$ 7,335	\$ 2,835	\$ 1,831	\$ 2,060	\$ 5,176	\$ 25,199
Investments	160	-	4	-	-	-	-	-	-	-	164
Receivables (net of allowance for uncollectibles):											
Accounts	-	725	-	-	165	-	49	610	-	-	1,549
Taxes	-	-	-	-	-	350	-	-	-	-	350
Due from other governments	1,011	70	-	-	3,788	-	20	570	-	-	5,459
Due from other funds	-	345	-	13	74	56	-	-	-	-	488
1 Total assets	<u>\$ 3,924</u>	<u>\$ 3,032</u>	<u>\$ 746</u>	<u>\$ 329</u>	<u>\$ 4,286</u>	<u>\$ 7,741</u>	<u>\$ 2,904</u>	<u>\$ 3,011</u>	<u>\$ 2,060</u>	<u>\$ 5,176</u>	<u>\$ 33,209</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payable and accrued liabilities	\$ 1	\$ -	\$ 4	\$ 55	\$ 932	\$ 797	\$ 87	\$ -	\$ -	\$ -	\$ 1,876
Notes payable	6,715	5,325	1,189	-	-	-	-	-	-	-	13,229
Due to other funds	1,009	81	-	255	2,719	6,742	232	616	463	-	12,117
Due to other governments	-	-	-	-	4	2	-	-	-	-	6
Deferred revenue	-	-	-	-	-	-	49	610	-	-	659
1 Total liabilities	<u>7,725</u>	<u>5,406</u>	<u>1,193</u>	<u>310</u>	<u>3,655</u>	<u>7,541</u>	<u>368</u>	<u>1,226</u>	<u>463</u>	<u>-</u>	<u>27,887</u>
Fund balances:											
Reserved for encumbrances	3,014	894	318	19	144	99	1,016	558	391	-	6,453
Undesignated	(6,815)	(3,268)	(765)	-	487	101	1,520	1,227	1,206	5,176	(1,131)
Total fund balances	<u>(3,801)</u>	<u>(2,374)</u>	<u>(447)</u>	<u>19</u>	<u>631</u>	<u>200</u>	<u>2,536</u>	<u>1,785</u>	<u>1,597</u>	<u>5,176</u>	<u>5,322</u>
Total liabilities and fund balances	<u>\$ 3,924</u>	<u>\$ 3,032</u>	<u>\$ 746</u>	<u>\$ 329</u>	<u>\$ 4,286</u>	<u>\$ 7,741</u>	<u>\$ 2,904</u>	<u>\$ 3,011</u>	<u>\$ 2,060</u>	<u>\$ 5,176</u>	<u>\$ 33,209</u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)

	Capital Projects			Special Revenue						Permanent Fund	Total Nonmajor Governmental Funds
	Economic Assistance	Cultural/ Recreation	Sewers	Animal Control	Library	Local Works	Federal Projects	State Projects	Other	Cemetery	
REVENUES											
Real property tax	\$ -	\$ -	\$ -	\$ 768	\$ 4,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,316
Departmental	-	-	-	197	1,710	10,934	-	-	-	-	12,841
Use of money and property	-	-	-	28	-	528	123	131	130	-	940
Federal aid	797	-	-	-	-	-	1,181	2,616	-	-	4,594
State aid	963	150	-	-	486	33	327	1,038	177	-	3,174
Local sources and other	-	-	-	-	7,877	-	2,511	429	508	207	11,532
Total revenues	1,760	150	-	993	14,621	11,495	4,142	4,214	815	207	38,397
EXPENDITURES											
Current:											
Community development	-	-	-	-	-	-	1,942	398	6	-	2,346
Environmental services	-	-	-	-	-	7,842	-	-	-	-	7,842
Library	-	-	-	-	11,335	-	-	-	-	-	11,335
Police	-	-	-	834	-	-	381	83	96	-	1,394
Fire	-	-	-	-	-	-	-	4	80	-	84
Parks, recreation and human services	-	-	-	-	-	-	949	904	203	-	2,056
Undistributed	-	-	-	137	1,675	1,421	-	-	154	-	3,387
Capital projects	5,127	2,398	511	-	-	-	-	-	-	-	8,036
Debt service:											
Principal	-	-	-	-	867	7	-	-	-	-	874
Interest	-	-	-	-	317	3	-	-	-	-	320
Total expenditures	5,127	2,398	511	971	14,194	9,273	3,272	1,389	539	0	37,674
Excess (deficiency) of revenues over expenditures	(3,367)	(2,248)	(511)	22	427	2,222	870	2,825	276	207	723
OTHER FINANCING SOURCES (USES)											
Transfers from other funds	477	945	198	-	16	10	-	-	420	-	2,066
Transfers (to) other funds	-	-	(15)	-	(518)	(3,309)	(653)	(2,713)	(819)	-	(8,027)
Proceeds of general obligation debt	1,702	1,162	1,209	-	-	-	-	-	-	-	4,073
Total other financing sources (uses)	2,179	2,107	1,392	0	(502)	(3,299)	(653)	(2,713)	(399)	0	(1,888)
Net change in fund balances	(1,188)	(141)	881	22	(75)	(1,077)	217	112	(123)	207	(1,165)
Fund Balances - beginning of year	(2,613)	(2,233)	(1,328)	(3)	706	1,277	2,319	1,673	1,720	4,969	6,487
Fund Balances - end of year	\$ (3,801)	\$ (2,374)	\$ (447)	\$ 19	\$ 631	\$ 200	\$ 2,536	\$ 1,785	\$ 1,597	\$ 5,176	\$ 5,322

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY-
BUDGET AND ACTUAL- GENERAL, CERTAIN SPECIAL REVENUE AND ENTERPRISE FUNDS
NON-GAAP BUDGET BASIS - FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)

	General Fund		Special Revenue Fund		Enterprise Funds		Total			
	<u>Final</u>	<u>Actual</u>	<u>Final</u>	<u>Actual</u>	<u>Final</u>	<u>Actual</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES										
Real property tax	\$ 119,443	\$ 119,159	\$ 5,510	\$ 5,316	\$ 1,232	\$ 1,107	\$ 120,922	\$ 126,185	\$ 125,582	\$ (603)
Sales and other taxes	138,561	140,142	-	-	912	919	144,412	139,473	141,061	1,588
Charges for services	17,664	18,743	12,783	11,890	58,712	57,301	90,399	89,159	87,934	(1,225)
Use of money and property	3,801	4,943	424	435	715	922	4,939	4,940	6,300	1,360
Interest and penalties	-	-	-	-	1,150	1,192	-	1,150	1,192	42
Licenses and permits	1,448	1,567	-	-	-	-	1,448	1,448	1,567	119
Federal aid	972	949	-	-	-	-	893	972	949	(23)
State aid	58,213	58,610	504	519	-	-	58,682	58,717	59,129	412
Local sources and other	13,176	12,986	7,400	7,877	-	-	20,272	20,576	20,863	287
Total revenues	353,278	357,099	26,621	26,037	62,721	61,441	441,967	442,620	444,577	1,957
EXPENDITURES										
Council and clerk	1,354	1,322	-	-	-	-	1,339	1,354	1,322	32
Administration	8,974	8,587	-	-	-	-	8,833	8,974	8,587	387
Law	1,744	1,705	-	-	-	-	1,744	1,744	1,705	39
Finance	6,941	6,852	-	-	-	-	6,866	6,941	6,852	89
Community development	5,575	5,199	-	-	-	-	5,442	5,575	5,199	376
Economic development	2,110	1,984	-	-	2,436	2,170	4,527	4,546	4,154	392
Environmental services	23,015	23,127	7,273	7,756	34,596	33,287	64,872	64,884	64,170	714
Library	-	-	11,678	11,380	-	-	11,621	11,678	11,380	298
Police	55,217	54,939	910	853	-	-	52,534	56,127	55,792	335
Fire	34,182	34,150	-	-	-	-	31,007	34,182	34,150	32
Emergency communications	7,880	7,655	-	-	-	-	7,880	7,880	7,655	225
Parks, recreation and human services	15,003	14,817	-	-	2,702	2,740	17,640	17,705	17,557	148
Undistributed	40,059	39,473	3,250	3,232	4,809	4,948	46,691	48,118	47,653	465
Contingency	348	-	34	-	-	-	8,453	382	-	382
Debt services	22,004	21,961	1,181	1,194	13,389	13,388	36,574	36,574	36,543	31
Total expenditures	224,406	221,771	24,326	24,415	57,932	56,533	306,023	306,664	302,719	3,945
Excess of revenues over expenditures	\$ 128,872	\$ 135,328	\$ 2,295	\$ 1,622	\$ 4,789	\$ 4,908	135,944	135,956	141,858	5,902

continued

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY-
BUDGET AND ACTUAL- GENERAL, CERTAIN SPECIAL REVENUE AND ENTERPRISE FUNDS
NON-GAAP BUDGET BASIS - FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)

(continued)

	General Fund		Special Revenue Fund		Enterprise Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	\$ 19,381	\$ 20,293	\$ 26	\$ 26	\$ 564	\$ 534	\$ 19,150	\$ 19,971	\$ 20,853	\$ 882
Transfers (to) other funds	(24,461)	(28,887)	(2,818)	(2,818)	(6,115)	(6,115)	(32,231)	(33,394)	(37,820)	(4,426)
Transfers (to) component unit	(127,300)	(127,300)	-	-	-	-	(127,300)	(127,300)	(127,300)	-
Total other financing uses	(132,380)	(135,894)	(2,792)	(2,792)	(5,551)	(5,581)	(140,381)	(140,723)	(144,267)	(3,544)
Appropriation of prior year fund balance	3,508	-	497	-	762	-	4,437	\$ 4,767	\$ -	\$ (4,767)
Deficiency of revenues and other sources over expenditures and other uses-Budget Basis	\$ -	(566)	\$ -	(1,170)	\$ -	(673)	\$ -	\$ -	\$ (2,409)	\$ (2,409)
Encumbrances included in actual		4,023		210		387				
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses		3,457		(960)		(286)				
Expenditures of prior years' encumbrances		2,917		129		345				
Excess (deficiency) of revenues and other sources over expenditures and other uses		540		(1,089)		(631)				
Net enterprise capital revenue				-		(693)				
Depreciation expense				-		(11,097)				
Debt service cash basis				-		8,743				
Local improvement ordinances				(41)		-				
Contribution to reserve for capital projects				-		6,115				
Capital transfers				-		110				
Capital and debt service interest				-		240				
Capital reimbursement				-		147				
State capital reimbursement				-		266				
Debt reserve transfer in				-		(534)				
Fund equity - beginning of year		15,110		1,980		173,741				
Fund equity - end of year		\$ 15,650		\$ 850		\$ 176,407				

The notes to the financial statements are an integral part of this statement.

Nonmajor Proprietary Funds

Enterprise Funds

Cemeteries Fund – This fund is used to account for the City's Mt. Hope and Riverside Cemeteries.

Public Market Fund – This fund is used to account for the revenues and expenses of the farmers' market which consists of several open sheds and one enclosed shed.

Port of Rochester Fund – This fund accounts for the rental of warehousing facilities at the Port of Rochester.

**THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2001 (000's Omitted)**

	Business-type Activities-Enterprise Funds			
	Cemeteries	Public Market	Port of Rochester	Total Nonmajor Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 103	\$ 26	\$ 87	\$ 216
Receivables (net of allowance for uncollectibles)	950	-	-	950
Due from other funds	7	32	-	39
Total current assets	1,060	58	87	1,205
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	60	202	-	262
Due from other funds	110	-	-	110
Capital assets:				
Land	131	467	478	1,076
Buildings	1,202	1,021	416	2,639
Improvements other than buildings	978	726	29	1,733
Equipment	1,066	189	57	1,312
Construction in progress	65	1,403	-	1,468
Less accumulated depreciation	(1,660)	(700)	(458)	(2,818)
Total capital assets (net of accumulated depreciation)	1,782	3,106	522	5,410
Total noncurrent assets	1,952	3,308	522	5,782
Total assets	3,012	3,366	609	6,987
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	179	37	-	216
Accrued interest payable	-	53	-	53
Notes payable	-	1,606	-	1,606
Bonds payable	2	41	-	43
Due to other funds	754	39	-	793
Total current liabilities	935	1,776	-	2,711
Current liabilities payable from restricted assets:				
Accounts payable	-	1	-	1
Due to other funds	-	110	-	110
Total current liabilities payable from restricted assets	-	111	-	111
Noncurrent liabilities:				
Bonds payable	6	297	-	303
Total liabilities	941	2,184	-	3,125
NET ASSETS				
Invested in capital assets, net of related debt	1,774	1,162	522	3,458
Restricted for debt service	61	50	-	111
Restricted for capital projects	216	42	38	296
Unrestricted	20	(72)	49	(3)
Total net assets	\$ 2,071	\$ 1,182	\$ 609	\$ 3,862

The notes to the financial statements are an integral part of this statement.

**THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET /
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)**

	Business-type Activities-Enterprise Funds			
	Cemeteries	Public Market	Port of Rochester	Total Nonmajor Funds
Operating Revenues				
Charges for services	\$ 1,336	\$ 436	\$ 11	\$ 1,783
Operating Expenses				
Personal services	858	124	-	982
Supplies and materials	552	351	-	903
Employee benefits	187	30	-	217
Depreciation	132	59	8	199
Total operating expenses	1,729	564	8	2,301
Operating income(loss)	(393)	(128)	3	(518)
Nonoperating revenues (expenses)				
Real property taxes	-	174	-	174
Interest on investments	318	58	5	381
Interest expense	-	(80)	-	(80)
Total nonoperating revenues (expenses)	318	152	5	475
Income (loss) before operating transfers	(75)	24	8	(43)
Capital contributions-state aid	-	266	-	266
Transfers in	391	133	-	524
Change in net assets	316	423	8	747
Total net assets-beginning	1,755	759	601	3,115
Total net assets-ending	\$ 2,071	\$ 1,182	\$ 609	\$ 3,862

The notes to the financial statements are an integral part of this statement.

**THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2001 (000's Omitted)**

	Business-type Activities-Enterprise Funds			
	Cemeteries	Public Market	Port of Rochester	Total Nonmajor Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 928	\$ 436	\$ 11	\$ 1,375
Payments to suppliers	(689)	(364)	-	(1,053)
Payments to employees	(850)	(123)	-	(973)
Net cash provided (used) by operating activities	(611)	(51)	11	(651)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Real property taxes	-	174	-	174
Operating grants	-	266	-	266
Transfers (to) from other funds	242	(16)	-	226
Net cash provided by noncapital financing activities	242	424	-	666
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of bonds and notes	-	1,002	-	1,002
Principal paid on bonds and notes	(1)	(184)	-	(185)
Interest expense paid on bonds and notes	-	(51)	-	(51)
Payments to contractors	(120)	(1,359)	-	(1,479)
Net cash used in capital and related financing activities	(121)	(592)	-	(713)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	249	58	5	312
Net increase (decrease) in cash and cash equivalents	(241)	(161)	16	(386)
Cash and cash equivalents at beginning of year	404	389	71	864
Cash and cash equivalents at end of year	\$ 163	\$ 228	\$ 87	\$ 478
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (393)	\$ (128)	\$ 3	\$ (518)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	132	59	8	199
Increase in accounts receivable	(477)	-	-	(477)
Increase in accounts payable	59	47	-	106
Decrease in intergovernmental payables	(1)	-	-	(1)
Accrued interest income	69	-	-	69
Accrued interest expense	-	(29)	-	(29)
Total adjustments	(218)	77	8	(133)
Net cash provided (used) by operating activities	\$ (611)	\$ (51)	\$ 11	\$ (651)
Noncash investing, capital, and financing activities:				
Capital assets purchased by governmental funds	\$ 281	\$ 133	\$ -	\$ 414

The notes to the financial statements are an integral part of this statement.

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Statistical Section

THE CITY OF ROCHESTER, NEW YORK
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(000's Omitted)

Fiscal Year	Public Safety	Public Works	General Government	Employee Benefits	Debt Service (2)	Component Unit (3)	Total
1992	\$ 68,172	\$ 19,922	\$ 36,829	\$ 27,701	\$ 14,556	\$ 248,709	\$ 415,889
1993	72,768	19,143	35,610	32,111	17,357	259,747	436,736
1994	72,738	19,659	35,565	30,351	31,987	303,781	494,081
1995	76,359	19,085	33,587	32,384	20,003	289,551	470,969
1996	77,894	19,086	34,218	31,513	19,898	301,431	484,040
1997	81,326	19,955	36,591	32,750	19,626	301,065	491,313
1998	84,543	20,537	39,904	29,904	17,822	314,949	507,659
1999	88,677	21,747	41,310	30,351	19,361	340,934	542,380
2000	92,029	21,579	43,696	30,758	17,656	350,174	555,892
2001	<u>96,360</u>	<u>21,968</u>	<u>43,049</u>	<u>36,505</u>	<u>18,573</u>	<u>396,287</u>	<u>612,742</u>

Notes:

- (1) Includes General, Special Revenue and Debt Service Funds for Fiscal Years 1992 through 1995 and General and Debt Service Funds for primary government and component unit for Fiscal Years 1996 through 2001.
- (2) Please see Note III D. to the General Purpose Financial Statements for further explanation.
- (3) Component Unit includes Employee Benefits, Debt Service and Administration for City School District

GENERAL REVENUE BY SOURCE (1)
LAST TEN FISCAL YEARS
(000's Omitted)

Fiscal Year	Taxes	Departmental Income	Inter-Governmental	Use of Money and Property	Other	Component Unit	Total
1992	\$ 95,834	\$ 18,521	\$ 28,928	\$ 4,290	\$ 42,109	\$ 254,512	\$ 444,194
1993	101,182	20,523	28,330	3,456	7,241	264,028	424,760
1994	112,588	14,539	29,700	3,200	13,949	284,693	458,669
1995	120,008	14,900	30,412	4,522	12,996	299,551	482,389
1996	124,152	15,755	29,291	4,843	13,192	304,797	492,030
1997	128,849	16,446	32,548	4,766	13,631	313,061	509,301
1998	129,431	16,908	40,587	5,499	14,766	328,734	535,925
1999	135,979	17,452	44,375	5,269	14,692	354,327	572,094
2000	134,265	18,411	46,582	6,310	16,127	367,141	588,836
2001	<u>132,001</u>	<u>18,743</u>	<u>59,750</u>	<u>9,161</u>	<u>14,773</u>	<u>378,908</u>	<u>613,336</u>

Note:

- (1) Includes General, Special Revenue and Debt Service Funds for Fiscal Years 1992 through 1995 and General and Debt Service Funds for primary government and component unit for Fiscal Years 1996 through 2001.

**THE CITY OF ROCHESTER, NEW YORK
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(000's Omitted)**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections (2)	Percent of Total Tax Collections to Tax Levy	Cancellations and/or Adjustments to Taxes (3)	Outstanding Delinquent Taxes (Cumulative)	Percent of Outstanding Delinquent Taxes to Total Tax Levy
1992	\$ 125,197	\$ 116,926	93.4 %	\$ 6,118	\$ 123,044	98.3 %	\$ 582	\$ 11,253	9.0 %
1993	131,466	122,699	93.3	6,824	129,523	98.5	695	12,501	9.5
1994	138,791	130,261	93.9	7,413	137,674	99.2	806	12,812	9.2
1995	141,313	132,631	93.9	6,019	138,650	98.1	1,780	13,695	9.7
1996	142,795	133,690	93.6	6,651	140,341	98.3	1,787	14,362	10.1
1997	143,509	134,253	93.6	7,254	141,507	98.6	1,825	14,539	10.1
1998	141,711	133,137	93.9	6,504	139,641	98.5	3,405	13,204	9.3
1999	135,394	127,269	94.0	6,834	134,103	99.0	1,292	13,203	9.8
2000	134,597	126,433	93.9	6,474	132,907	98.7	1,460	13,433	10.0
2001	128,842	120,391	93.4	4,803	125,194	97.2	3,746	13,335	10.3

Notes:

- (1) Tax exempt properties with an assessed value of \$411,416,400 made payments in lieu of taxes amounting to \$11,776,455 for the fiscal year ending June 30, 2001. If these properties had been fully taxable, total revenues would have increased by \$6,266,623. The properties, upon expiration of their agreements, will become fully taxable.
- (2) The City begins foreclosure action on properties after taxes are past due for one year. The City provides tax installment agreements of up to five years to taxpayers demonstrating financial hardship if the property is in compliance with City codes.
- (3) Cancellations are chiefly the result of foreclosure by the City and adjustments made for erroneous assessments.

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(000's Omitted)**

Fiscal Year	Real Property		Ratio of Total Assessed to Total Estimated Actual Value (1)
	Assessed Value	Estimated Actual Value	
1992	\$ 5,698,709	\$ 5,999,904	94.98 %
1993	5,645,848	5,904,464	95.62
1994	5,638,614	5,906,163	95.47
1995	5,590,260	6,153,286	90.85
1996	5,500,840	5,144,818	106.92
1997	5,202,935	5,076,529	102.49
1998	5,120,347	5,062,132	101.15
1999	5,072,605	5,108,363	99.30
2000	5,044,246	4,757,376	106.03
2001	4,802,407	4,714,713	101.86

Notes:

- (1) Special Equalization Ratios established by New York State Office of Real Property Services.

**THE CITY OF ROCHESTER, NEW YORK
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS**

Fiscal Year	City of Rochester			Monroe County	Total
	General Municipal Purposes	School Purposes	Total		
1992					
Homestead	\$ 4.09	\$ 8.68	\$ 12.77	\$ 11.97	\$ 24.74
Nonhomestead	11.53	25.24	36.77	11.97	48.74
1993					
Homestead	4.41	9.35	13.76	12.16	25.92
Nonhomestead	12.17	26.65	38.82	12.16	50.98
1994					
Homestead	4.55	9.66	14.21	12.03	26.24
Nonhomestead	12.92	28.31	41.23	12.03	53.26
1995					
Homestead	5.14	10.15	15.29	11.73	27.02
Nonhomestead	13.67	27.83	41.50	11.73	53.23
1996					
Homestead	5.55	10.63	16.18	11.48	27.66
Nonhomestead	14.16	27.95	42.11	11.48	53.59
1997					
Homestead	6.09	11.69	17.78	11.53	29.31
Nonhomestead	14.62	28.86	43.48	11.53	55.01
1998					
Homestead	5.94	11.84	17.78	11.72	29.50
Nonhomestead	14.48	29.70	44.18	11.72	55.90
1999					
Homestead	5.78	12.35	18.13	11.10	29.23
Nonhomestead	13.36	29.28	42.64	11.10	53.74
2000					
Homestead	6.07	12.36	18.43	10.49	28.92
Nonhomestead	14.12	29.46	43.58	10.49	54.07
2001					
Homestead	5.97	12.97	18.94	10.36	29.30
Nonhomestead	13.59	30.27	43.86	10.36	54.22

**SPECIAL ASSESSMENT COLLECTION
LAST TEN FISCAL YEARS
(000's Omitted)**

Fiscal Year	Current Assessments Due	Current Assessments Collected	Ratio of Collections to Amount Due	Total Cumulative Outstanding Assessments Due
1992	\$ 8,033	\$ 7,528	93.7 %	\$ 710
1993	8,647	8,087	93.5	833
1994	8,982	8,368	93.2	927
1995	8,958	8,353	93.2	1,025
1996	8,994	8,354	92.9	1,091
1997	9,342	8,639	92.5	1,250
1998	9,524	8,811	92.5	1,212
1999	9,490	8,760	92.3	1,324
2000	10,595	9,774	92.3	1,363
2001	11,305	10,367	91.7	1,508

**THE CITY OF ROCHESTER, NEW YORK
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Assessed Value (000's Omitted)	Net Bonds	Net BAN's	Net Bonds and BAN's (1)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1992	232,200	\$ 5,698,709	\$ 87,883,000	\$ 38,924,400	\$ 126,807,400	\$ 50,099,000	\$ 76,708,400	1.35 %	\$ 330
1993	233,300	5,645,848	99,665,400	75,090,900	174,756,300	44,669,000	130,087,300	2.30	558
1994	233,300	5,638,614	175,364,600	59,062,000	234,426,600	36,269,000	198,157,600	3.51	849
1995	233,900	5,590,260	151,419,000	127,555,500	278,974,500	39,974,000	239,000,500	4.28	1,022
1996	228,500	5,500,840	203,831,000	68,927,000	272,758,000	36,820,000	235,938,000	4.29	1,033
1997	227,000	5,202,935	176,160,000	135,394,000	311,554,000	38,180,000	273,374,000	5.25	1,204
1998	218,400	5,120,347	201,110,000	110,045,000	311,155,000	53,569,000	257,586,000	5.03	1,179
1999	214,600	5,072,605	169,385,000	135,041,100	304,426,100	57,589,000	246,837,100	4.87	1,150
2000	215,900	5,044,246	203,510,000	90,607,300	294,117,300	61,300,000	232,817,300	4.62	1,078
2001	223,800	4,802,407	229,135,700	80,090,500	309,226,200	57,847,000	251,379,200	5.23	1,123

Notes:

- (1) Excludes debt for water and some sewer. The debt service for some sewer debt is reimbursed by the Monroe County Pure Waters Agency. Water debt is excluded from net indebtedness by Section 136.00 of the Local Finance Law and is redeemed by revenues other than the property tax, i.e. user fees.

Bond Anticipation Notes (BAN's) are included because they are issued for the same purpose as bonds, have the same credit backing, and are converted to bonds within the required statutory conversion period of five years.

**THE CITY OF ROCHESTER, NEW YORK
COMPUTATION OF CITY DEBT LIMIT
JUNE 30, 2001**

Computation of Debt Limit as of June 30, 2001			
Indebtedness			
Borrowings (Bonds and Notes)	\$ 353,356,000 (1)		
Contract Liabilities	26,008,525 (2)	\$ 379,364,525	
Deductions and Exclusions			
Water Bonds and Notes	38,254,800 (3)		
Sanitary Sewer Bonds and Notes	5,301,000 (3)		
Housing Subsidy	192,531 (4)		
Cash and Cash Equivalents	25,815,994 (5)	69,564,325	
Net Indebtedness		309,800,200	
Debt Limit (9% of five-year average full valuation)		436,659,686	
Debt Contracting Margin		\$ 126,859,486	

Notes:

- (1) Represents all bond and note debt of the City, net of note liability in the Debt Service Fund, if any. Includes water and sewer debt -- listed above under "Deductions and Exclusions". Also includes bonds and bond anticipation notes issued by the City totaling \$5,875,000, the debt service on which is to be reimbursed to the City by the Rochester Pure Waters District pursuant to a lease of sewerage facilities to such district by the City.
- (2) Represents (a) amounts due pursuant to contracts for capital improvements or the acquisition of equipment and (b) amount of indebtedness of the Rochester Housing Authority guaranteed by the City and listed under "Deductions and Exclusions".
- (3) Amounts excluded pursuant to Article VIII, Section 5 of State Constitution and Section 136.00 of Local Finance Law.
- (4) Excluded pursuant to Section 136.00 of the Local Finance Law, as indebtedness incurred under Article XVIII of State Constitution for housing and urban renewal purposes.
- (5) Represents cash on hand to pay principal of outstanding indebtedness not otherwise excluded, and investment of such cash at market value. The source of funds represents: (a) federal grants for projects already bonded; (b) proceeds of bonds and notes to pay outstanding contract liabilities; and (c) proceeds of notes available to pay principal of notes to the extent contracts to be financed with such proceeds were not consummated. The debt is excluded pursuant to Section 136.00 of Local Finance Law.

**THE CITY OF ROCHESTER, NEW YORK
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2001**

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to City of Rochester	Amount Applicable to City of Rochester
City of Rochester	\$ 353,356,000	100.00 %	\$ 353,356,000
County of Monroe	426,378,295	16.39	69,883,403
Total	<u>\$ 779,734,295</u>		<u>\$ 423,239,403</u>

**RATIO OF ANNUAL DEBT SERVICE FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS (000's Omitted)**

Fiscal Year	Principal	Interest	Total Debt Service (1)	Total General Expenditures (2)	Ratio of Debt Service to Total General Expenditures
1992	\$ 16,408	\$ 7,365	\$ 23,773	\$ 415,889	5.7 %
1993	16,396	7,605	24,001	436,736	5.5
1994	17,805	8,836	26,641	494,081	5.4
1995	23,605	11,133	34,738	470,969	7.4
1996	28,646	12,442	41,088	484,040	8.5
1997	32,021	13,638	45,659	491,313	9.3
1998	32,788	12,469	45,257	507,659	8.9
1999	37,671	11,164	48,835	542,380	9.0
2000	38,264	11,081	49,345	555,892	8.9
2001	<u>39,705</u>	<u>11,501</u>	<u>51,206</u>	<u>612,742</u>	<u>8.4</u>

Notes:

- (1) Includes principal and interest for Bonds and Bond Anticipation Notes and interest only for Revenue Anticipation Notes for City and Component Unit general funds and debt service funds.
- (2) Includes General and Debt Service Funds of primary government and component unit.

**CITY SCHOOL DISTRICT ENROLLMENT TRENDS
REGULAR PROGRAMS ONLY
LAST TEN FISCAL YEARS**

Year	Elementary	Percent Increase (Decrease)	Secondary	Percent Increase (Decrease)	Total	Percent Increase (Decrease)
1992	20,068	3.7 %	12,815	2.7 %	32,883	3.3 %
1993	20,878	4.0	12,981	1.3	33,859	3.0
1994	21,159	1.3	13,241	2.0	34,400	1.6
1995	21,410	1.2	13,248	0.1	34,658	0.8
1996	21,730	1.5	13,883	4.8	35,613	2.8
1997	22,196	2.1	14,457	4.1	36,653	2.9
1998	22,434	1.1	14,230	(1.6)	36,664	0.0
1999	22,727	1.3	15,202	6.8	37,929	3.5
2000	21,178	(6.8)	15,705	3.3	36,883	(2.8)
2001	<u>19,524</u>	<u>(7.8)</u>	<u>15,596</u>	<u>(0.7)</u>	<u>35,120</u>	<u>(4.8)</u>

**THE CITY OF ROCHESTER, NEW YORK
DEMOGRAPHIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar		Per Capita Income
Year	Population (1)	for Monroe County (2)
1992	232,200	\$ 23,817
1993	233,300	24,242
1994	233,300	24,972
1995	233,900	26,179
1996	228,500	27,318
1997	227,000	28,391
1998	218,400	29,551
1999	214,600	30,599
2000	215,900	N/A
2001	223,800	N/A

Sources:

(1) "Survey of Buying Power," 2001
Sales and Marketing Management Magazine

(2) US Dept. of Commerce Bureau of Economic Analysis (www.bea.doc.gov)

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(000's Omitted)**

Fiscal	Value of Construction	Bank	Estimated
Year	Permits Issued	Deposits*	Property Value
1992	\$ 66,400	\$ N/A	\$ 5,999,904
1993	73,468	N/A	5,904,464
1994	112,800	13,019,000	5,906,163
1995	124,900	12,067,000	6,153,286
1996	117,900	11,961,000	5,144,818
1997	181,800	12,365,000	5,076,529
1998	203,700	13,003,000	5,062,132
1999	143,500	13,135,000	5,108,363
2000	104,600	13,999,000	4,757,376
2001	143,300	N/A	4,714,713

* Source: Federal Deposit Insurance Corporation. OTS Summary of Deposits for
Rochester NY MSA - All Institutions. (www.fdic.gov)

THE CITY OF ROCHESTER, NEW YORK
PRINCIPAL TAXPAYERS
JUNE 30, 2001
(000's Omitted)

			Taxable Assessed Valuation Fiscal Year	Percentage of Total Taxable Assessed Valuation (1)
2001 Rank	Taxpayer	Type of Business	2000-2001	
1	Rochester Gas and Electric Corporation	Electric, gas, utility	\$ 337,400	7.03 %
2	Eastman Kodak Company	Photographic equipment and films	153,046	3.19
3	Frontier Telephone Corporation	Telephone, utility	56,776	1.18
4	Chase Manhattan Bank	Financial institution	26,615	0.55
5	Pioneer/City Center	Office buildings	23,000	0.48
6	Midtown Rochester LLC	Retail, office building	19,582	0.41
7	Xerox Corporation	Copying & computer equipment	19,250	0.40
8	Farash, Jalyann Brighton Development	Office buildings	17,450	0.36
9	Samloff/Glazer	Office buildings	14,147	0.29
10	Conrail	Railroads	13,366	0.28
11	Robert Gordon	Financial institution, First Federal Plaza	12,348	0.26
12	Valeo (ITT Automotive)	Automotive parts	12,106	0.25
13	Rochester Management	Real estate holding company	10,825	0.23
14	Delphi Automotive	Automotive parts	10,052	0.21
15	General Hospital	Medical, Health Care	9,745	0.20
			<u>\$ 735,708</u>	<u>15.32 %</u>

Note:

(1) The total taxable assessed value for fiscal year 2001 was \$4,802,406,549.

Source: Assessment Roll of the City of Rochester.

TEN LARGEST INDUSTRIAL EMPLOYERS
IN THE ROCHESTER AREA
(FULL-TIME EMPLOYEES)

Employment			
Rank	Company	Nature of Local Operations	2000
1	Eastman Kodak Company	Manufacture, marketing, and research and development of imaging products	24,000
2	Xerox Corporation	Manufacture, sale and servicing of document-processing products and systems	13,350
3	University of Rochester/Strong Memorial Hospital	Education, research, health care	12,240
4	ViaHealth	Health care	5,525
5	Wegmans Food	Supermarkets and home improvement stores	5,478
6	Global Crossing Ltd.	Local, long-distance, internet and other telecommunications products and services	3,178
7	Delphi Energy and Engine Management Systems	Design, develop and manufacture of fuel and emission control systems	3,000
8	Excellus Inc.	Health insurance and health-related benefits	2,940
9	Unity Health System	Health care	2,530
10	Rochester Institute of Technology	Educational institute	2,350

Source: Rochester Business Journal, April 6, 2001.

**THE CITY OF ROCHESTER, NEW YORK
IN-REM FORECLOSURES AND DISPOSITION
LAST TEN FISCAL YEARS**

Fiscal Year	Number of Foreclosures	Number of Properties Sold at Auction or Negotiated Sale	Assessed Value of Properties Sold and Returned to Tax Rolls
1992	56	67	\$ 225,430
1993	3	99	233,546
1994	71	101	474,928
1995	75	143	690,785
1996	118	159	356,623
1997	130	250	702,500
1998	223	112	365,106
1999	228	125	365,000
2000	227	130	360,000
2001	313	185	518,000

Source: City of Rochester Bureau of Housing and Project Development.

**CONSTITUTIONAL PROPERTY TAX LIMIT
LAST TEN FISCAL YEARS**

Fiscal Year	Limit	City and School Current Tax Levy	Legal Margin
1992	\$ 144,442,078	\$ 89,164,094	\$ 55,277,984
1993	147,702,327	96,724,156	50,978,171
1994	160,278,051	99,812,342	60,465,709
1995	153,694,935	93,420,870	60,274,065
1996	125,036,941	96,597,775	28,439,166
1997	123,743,096	79,065,001	44,678,095
1998	127,018,640	79,418,423	47,600,217
1999	131,836,106	64,461,526	67,374,580
2000	107,132,525	59,073,650	48,058,875
2001	99,609,567	51,975,217	47,634,350

Notes: New York State law limits the property taxing authority of the City. The annual levy for current purposes cannot exceed 2% of the five-year average full value assessment.

**THE CITY OF ROCHESTER, NEW YORK
NUMBER OF CITY AND CITY SCHOOL DISTRICT FULL-TIME EMPLOYEES
LAST TEN FISCAL YEARS**

Fiscal Year	City	School	Total
1992	3,066	4,914	7,980
1993	3,021	5,161	8,182
1994	3,022	5,266	8,288
1995	2,956	5,398	8,354
1996	2,955	5,384	8,339
1997	2,981	5,428	8,409
1998	3,033	5,594	8,627
1999	3,082	5,833	8,915
2000	3,096	6,023	9,119
2001	3,121	6,221	9,342

**THE CITY OF ROCHESTER, NEW YORK
RESIDENT EMPLOYMENT STATUS
LAST TEN YEARS
(000's Omitted; not seasonally adjusted)**

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
LABOR FORCE										
Rochester MSA*	563.3	561.7	571.3	570.7	564.9	566.7	577.4	578.0	571.8	565.1
Monroe County	379.5	377.6	384.3	383.3	377.9	378.1	385.4	385.5	380.9	376.8
Rochester City	113.4	113.3	114.9	115.0	112.5	112.1	114.4	114.4	113.4	112.0
EMPLOYED										
Rochester MSA*	534.3	529.9	542.7	540.6	539.3	544.1	554.0	555.2	547.5	542.7
Monroe County	362.6	359.0	366.9	364.6	362.9	364.9	371.5	371.8	365.9	362.7
Rochester City	104.5	103.4	105.7	105.0	104.6	105.1	107.0	107.1	105.4	104.5
UNEMPLOYED										
Rochester MSA*	29.0	31.8	28.6	30.1	25.6	22.6	23.4	22.8	24.3	22.4
Monroe County	16.9	18.6	17.4	18.7	15.0	13.2	13.9	13.7	15.0	14.1
Rochester City	8.9	9.9	9.2	10.0	7.9	7.0	7.4	7.3	8.0	7.5
UNEMPLOYMENT RATE										
Rochester MSA*	5.1 %	5.7 %	5.0 %	5.3 %	4.5 %	4.0 %	4.1 %	3.9 %	4.2 %	4.0 %
Monroe County	4.5	4.9	4.5	4.9	4.0	3.5	3.6	3.6	3.9	3.7
Rochester City	7.8	8.7	8.0	8.7	7.0	6.2	6.5	6.4	7.1	6.7

Notes:

(1) Above figures are averages for the calendar year.

* Metropolitan Statistical Area

Source: New York State Department of Labor, Research & Statistics.

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY INDUSTRY
ROCHESTER (MSA)
LAST TEN YEARS
(000's Omitted)**

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
TOTAL MANUFACTURING	135.7	132.9	130.2	127.7	128.0	127.7	127.6	123.3	117.1	113.7
Durable Goods	104.2	102.0	100.4	99.0	99.2	99.2	99.3	94.9	88.6	85.5
Primary and Fabricated Metals	6.9	6.7	6.8	7.0	7.5	7.5	7.7	8.1	7.7	7.7
Machinery (except electrical)	12.2	11.8	11.8	12.3	13.3	13.8	14.2	14.4	14.1	14.1
Electrical and Electronic Equipment	6.2	6.2	6.5	7.3	7.6	7.8	7.8	9.2	10.4	10.5
Instruments and Related Products	64.7	63.4	62.1	59.1	57.2	57.3	57.2	52.8	48.1	45.2
Other Durable Goods	14.2	13.9	13.2	13.3	13.6	12.8	12.4	10.4	8.3	8.0
Nondurable Goods	31.5	30.9	29.8	28.7	28.8	28.5	28.3	28.4	28.5	28.2
Food and Kindred Products	7.0	6.4	6.0	5.7	6.0	6.6	6.6	6.7	6.7	6.7
Paper and Allied Products	3.2	3.1	3.1	2.7	2.5	2.3	2.3	2.5	3.0	3.0
Printing and Publishing	8.4	8.6	8.3	8.0	7.9	7.7	7.3	6.9	6.8	6.7
Chemicals and Allied Products	3.0	2.9	2.7	2.6	2.6	2.3	2.4	2.4	2.4	2.2
Other Nondurable Goods	9.9	9.9	9.7	9.7	9.8	9.6	9.7	9.9	9.6	9.6
TOTAL NONMANUFACTURING	374.4	375.2	385.9	389.9	396.0	399.3	403.9	416.3	431.3	441.4
Mining	.8	.8	.8	.8	.7	.6	.4	.4	.4	.4
Construction	18.3	16.5	16.3	16.1	16.3	16.4	17.5	18.6	19.5	19.8
Transportation and Public Utilities	16.1	16.5	16.7	16.6	16.9	17.7	16.6	17.4	18.4	19.0
Wholesale and Retail Trade	108.3	107.4	109.6	109.7	110.3	110.3	111.6	114.3	117.5	118.8
Finance, Insurance and Real Estate	23.8	23.5	24.0	24.2	23.4	22.9	21.3	21.0	21.0	21.4
Services and Miscellaneous	132.8	136.1	142.2	145.0	150.5	153.3	157.8	163.8	172.1	178.9
Government	74.3	74.4	76.3	77.5	77.9	78.1	78.7	80.8	82.4	83.1

Notes:

(1) Category totals and subtotals may not total exactly due to rounding in subcategories.

(2) Above figures are averages for the calendar year.

Source: New York State Department of Labor, Research & Statistics.

**THE CITY OF ROCHESTER, NEW YORK
BUILDING PERMIT ACTIVITY
LAST TEN FISCAL YEARS**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
New Residential	40	53	46	82	107	75	44	52	47	38
New Nonresidential	131	101	131	112	144	130	139	125	136	113
Residential Remodeling	758	722	760	814	733	667	627	622	625	547
Commercial Remodeling	640	545	622	600	614	776	847	923	774	795
Demolition	132	151	203	163	209	248	209	239	250	319
Conversion	56	49	77	77	77	85	72	80	97	103
Other Structural	723	606	601	605	688	767	764	742	805	849
Plumbing	2,160	1,875	2,403	3,145	2,870	3,002	2,906	2,779	3,077	2,919
Electrical	-	838	1,867	1,858	1,671	1,757	1,838	2,007	2,190	2,133
TOTAL	4,640	4,940	6,710	7,456	7,113	7,507	7,446	7,569	8,001	7,816

**BUILDING PERMIT VALUE
LAST TEN FISCAL YEARS
(000'S Omitted)**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
New Residential	\$ 2,000	\$ 2,536	\$ 3,200	\$ 4,800	\$ 7,800	\$ 4,500	\$ 6,200	\$ 11,400	\$ 2,800	\$ 6,400
New Nonresidential	7,500	23,683	41,600	32,200	23,900	28,500	93,700	13,200	16,000	17,300
Residential Remodeling	4,300	4,247	6,700	6,900	9,900	4,000	4,400	4,100	4,000	3,800
Commercial Remodeling	43,700	30,209	39,300	55,900	52,500	117,500	66,900	67,700	50,400	89,700
Demolition	-	123	-	-	-	-	-	2,400	4,800	3,700
Conversion	200	3,192	200	3,500	200	300	300	600	800	100
Other Structural	3,300	5,886	3,500	1,800	3,500	1,500	4,000	3,600	1,800	2,700
Plumbing	5,400	3,592	6,500	7,000	7,600	10,300	10,500	8,400	11,900	8,200
Electrical	-	3,600	11,800	12,800	12,500	15,200	17,700	32,100	12,100	11,400
TOTAL	\$ 66,400	\$ 77,068	\$ 112,800	\$ 124,900	\$ 117,900	\$ 181,800	\$ 203,700	\$ 143,500	\$ 104,600	\$ 143,300

THE CITY OF ROCHESTER, NEW YORK
MISCELLANEOUS STATISTICS
JUNE 30, 2001

Date of Incorporation: April 28, 1834

Form of Government: Mayor/Council

Area: 36.44 Square Miles

Miles of Streets: 537

Parcels of Property:

Homestead (one to three-family residential): 56,087

Nonhomestead: 11,417

Water System:

Miles of Water Mains: 598

Consumers: 61,408

Average Daily Production: 37.0 million gallons

Public Safety:

Police Sectors: 7

Police Officers: 707

Fire Stations: 16

Firefighters: 531

Recreation and Culture:

Recreation Centers: 41

Acres of Parks: 880

Libraries: 11

Library Materials Circulated: 1,687,416

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Single Audit Report



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members of City Council
City of Rochester, New York

We have audited the basic financial statements of the City of Rochester, New York ("the City"), as of and for the year ended June 30, 2001, and have issued our report thereon dated September 21, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, federal awarding agencies, state funding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


September 21, 2001



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM

The Honorable Mayor and Members of City Council
City of Rochester, New York

Compliance

We have audited the compliance of the City of Rochester, New York ("the City"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the City, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Deloitte & Touche LLP", is written in dark ink.

September 21, 2001

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	
CITY GRANTS										
DEPT. OF HOUSING AND URBAN DEVELOPMENT:										
CDBG PY 1995	B-95-MC-36-0003	14.218	\$ 16,320,401	\$ 14,653,038	\$ 763,866	\$ 15,416,904	\$ 14,646,962	\$ 754,520	\$ 15,401,482	\$ 15,422
CDBG PY 1996	B-96-MC-36-0003	14.218	18,710,449	17,153,992	347,211	17,501,203	17,152,418	313,469	17,465,887	35,316
CDBG PY 1997	B-97-MC-36-0003	14.218	12,846,000	13,134,891	281,406	13,416,297	13,135,053	280,095	13,415,148	1,149
CDBG PY 1998	B-98-MC-36-0003	14.218	12,890,500	10,642,826	1,456,614	12,099,440	10,311,371	1,760,153	12,071,524	27,916
CDBG PY 1999	B-99-MC-36-0003	14.218	12,699,000	7,427,369	3,865,471	11,292,840	7,425,722	3,844,935	11,270,657	22,183
CDBG PY 2000	B-00-MC-36-0003	14.218	12,999,000	-	7,991,578	7,991,578	-	7,681,369	7,681,369	310,209
Section 108 Loan Program	B-93-MC-36-0003A	14.158	10,000,000	6,805,000	-	6,805,000	6,805,000	-	6,805,000	-
Section 108 Loan Program	B-93-MC-36-0003B	14.158	2,000,000	600,000	-	600,000	600,000	-	600,000	-
Section 108 Loan Program	B-94-MC-36-0003A	14.158	5,000,000	4,400,000	-	4,400,000	4,400,000	-	4,400,000	-
Section 108 Loan Program	B-94-MC-36-0003	14.158	2,000,000	200,000	-	200,000	200,000	-	200,000	-
Section 108 Loan Program	B-95-MC-36-0003	14.158	1,300,000	900,000	-	900,000	900,000	-	900,000	-
Section 108 EDI Program	B-92-ED-36-0003	14.158	700,000	700,000	-	700,000	560,000	-	560,000	140,000
Section 108 EDI Program	B-95-ED-36-0019	14.158	325,000	83,000	120,000	203,000	77,831	121,593	199,424	3,576
Emergency Shelter	S-99-MC-36-0005	14.146	415,000	339,388	52,396	391,784	339,388	52,396	391,784	-
Emergency Shelter	S-00-MC-36-0005	14.146	414,000	-	335,165	335,165	-	335,165	335,165	-
Emergency Shelter	S-98-MC-36-0005	14.146	454,000	446,942	-	446,942	446,942	-	446,942	-
Home Program 1992	M-92-MC-36-0504	14.239	2,913,000	2,889,005	-	2,889,005	2,889,005	-	2,889,005	-
Home Program 1993	M-93-MC-36-0504	14.239	1,922,000	1,899,345	14,314	1,913,659	1,899,345	14,314	1,913,659	-
Home Program 1994	M-94-MC-36-0504	14.239	2,678,000	2,667,885	4,428	2,672,313	2,667,885	4,428	2,672,313	-
Home Program 1995	M-95-MC-36-0504	14.239	2,879,000	2,817,245	32,112	2,849,357	2,817,245	32,112	2,849,357	-
Home Program 1996	M-96-MC-36-0504	14.239	3,090,000	2,715,844	246,710	2,962,554	2,715,844	246,710	2,962,554	-
Home Program 1997	M-97-MC-36-0504	14.239	3,139,000	2,604,680	179,654	2,784,334	2,545,587	179,654	2,725,241	59,093
Home Program 1998	M-98-MC-36-0504	14.239	3,413,000	1,405,307	466,965	1,872,272	1,405,307	466,965	1,872,272	-
Home Program 1999	M-99-MC-36-0504	14.239	3,710,000	517,009	1,468,344	1,985,353	517,009	1,463,881	1,980,890	4,463
Home Program 2000	M-00-MC-36-0504	14.239	3,882,000	-	175,128	175,128	-	175,128	175,128	-
HOPWA	NY06H98F003	14.241	398,000	380,964	12,303	393,267	380,964	12,303	393,267	-
HOPWA	NY06H99F003	14.241	542,000	16,260	513,465	529,725	16,260	513,465	529,725	-
HOPWA	NY06H00F003	14.241	491,000	-	34,436	34,436	-	34,436	34,436	-
Operation Exile	HM10-686	14.854	116,000	9,053	75,806	84,859	9,053	75,806	84,859	-
Operation Clean Spot	HM10-684	14.854	40,000	-	16,210	16,210	-	16,210	16,210	-
U.S. DEPARTMENT OF JUSTICE										
Law Enforcement Block Grant	99-LB-VX-1225	16.592	644,345	644,345	31,579	675,924	2,399	513,378	515,777	160,147
Law Enforcement Block Grant	00-LB-VX-1225	16.592	631,916	-	666,676	666,676	-	-	-	666,676
Law Enforcement Block Grant	98-LB-VX-1225	16.592	349,323	367,669	-	367,669	288,888	78,781	367,669	-
Weed & Seed FY 99	99-WS-QX-0079	16.595	175,000	35,572	52,649	88,221	35,432	52,649	88,081	140
Weed & Seed FY 98	98-WS-QX-0149	16.595	175,000	91,352	82,721	174,073	89,923	84,150	174,073	-
Asset Forfeiture 99		16.595	50,000	-	29,378	29,378	-	29,378	29,378	-
Asset Forfeiture 98		16.595	100,000	24,649	73,161	97,810	24,649	73,161	97,810	-
Asset Forfeiture 00 (Livable Communities)		16.595	50,000	-	2,320	2,320	-	2,320	2,320	-
COPS MORE	99-CL-WX-0250	16.680	515,680	72,162	196,963	269,125	72,162	196,963	269,125	-
COPS 311	99-CK-WX-0027	16.680	383,900	-	234,674	234,674	-	234,674	234,674	-
COPS in Schools	99-SH-WX-0080	16.680	3,000,000	-	921,657	921,657	-	921,657	921,657	-
DEA/ATF		16.595	-	-	55,617	55,617	-	55,617	55,617	-
U.S. DEPARTMENT OF ARMY:										
Wave Surge Project		12.108	-	-	191,103	191,103	-	191,103	191,103	-

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001**

			REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue	
Grant Number	CFDA Number	Budget	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001		
U.S. DEPARTMENT OF TRANSPORTATION										
NYS DEPARTMENT OF TRANSPORTATION (Pass Through)										
Buffalo Road/West Avenue - 4512.19	D010729	20.205	3,814,400	3,354,242	982	3,355,224	3,354,242	982	3,355,224	-
Goodman Street - 4751.98	D010694	20.205	2,800,800	2,382,647	-	2,382,647	2,390,457	-	2,390,457	(7,810)
ADA Sidewalks - 4752.39	D009740	20.205	1,976,000	1,976,000	-	1,976,000	1,976,000	-	1,976,000	-
Broad Street Tunnel - 4751.87	D009279	20.205	1,166,400	341,492	35,666	377,158	341,492	35,666	377,158	-
Court Street Bridge - 4752.13	D010724	20.205	761,600	608,543	40,568	649,111	612,063	37,048	649,111	-
Ford Street Bridge - 4752.52	D011399	20.205	8,800,000	541,355	5,151,732	5,693,087	541,355	5,151,732	5,693,087	-
Lake Avenue - 4752.49	D011414	20.205	834,400	314,083	207,466	521,549	314,083	207,466	521,549	-
St. Paul Street/Inner Loop - 4752.34	D010735	20.205	360,800	344,309	13,504	357,813	344,309	13,504	357,813	-
Dewey Avenue	D011509	20.205	1,360,000	1,136,000	193,482	1,329,482	1,247,703	81,779	1,329,482	-
Port	D013858	20.205	2,408,000	170,718	527,074	697,792	170,718	527,074	697,792	-
Bicycle Parking/Genesee River Sign	D011511	20.205	95,200	-	-	-	52,568	26,135	78,703	(78,703)
West Ridge Road	D013560	20.205	1,353,600	-	63,706	63,706	-	63,706	63,706	-
U.S. ENVIRONMENTAL PROTECTION AGENCY										
Brownfield Grant	V992420-01	66.811	200,000	61,000	5,000	66,000	60,090	4,945	65,035	965
U.S. DEPARTMENT OF AGRICULTURE:										
Summer Food Service	36-079500	10.555	560,707	-	560,707	560,707	-	560,707	560,707	
U.S. DEPARTMENT OF COMMERCE										
EDA Outer Loop Industrial Park	01-01-03833	11.300	877,800	80,236	797,564	877,800	80,236	511,406	591,642	286,158
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:										
Teen Pregnancy 97	U88/CCU21236703	93.283	729,749	672,218	5,200	677,418	677,418	-	677,418	-
Teen Pregnancy 98	U88/CCU21236704	93.283	678,456	648,753	717	649,470	649,470	-	649,470	-
Teen Pregnancy 99	U88/CCU21236705	93.283	744,072	460,826	210,666	671,492	462,720	275,134	737,854	(66,362)
Teen Pregnancy 00	U88/CCU21236706	93.283	764,901	-	436,959	436,959	-	419,312	419,312	17,647
Medical Response	282-000031	93.728	400,000	-	120,000	120,000	-	120,000	120,000	-
U.S. DEPARTMENT OF LABOR:										
NYS DEPARTMENT OF LABOR: (Pass Through)										
JTPA-IIA 5% Older Worker	282399	17.250	38,484	35,834	(1,668)	34,166	34,166	-	34,166	-
JTPA-IIC 8%	286299	17.250	104,834	53,591	24,842	78,433	53,591	24,842	78,433	-
JTPA-Title III EDWAA	288199	17.246	1,294,568	877,053	176,281	1,053,334	868,284	185,050	1,053,334	-
JTPA-IIC 82%	286199	17.250	305,474	223,330	13,405	236,735	223,330	13,405	236,735	-
JTPA-IIA 77%	285199	17.250	1,073,450	989,186	73,345	1,062,531	989,186	73,345	1,062,531	-
JTPA-IIA 5% Incentive	287197	17.250	106,817	84,380	133,661	218,041	77,314	140,727	218,041	-
JTPA-Title III EDWAA	288197	17.246	832,043	832,043	-	832,043	831,873	170	832,043	-
JTPA-IIB SYETP	284197	17.250	1,062,286	1,012,287	49,707	1,061,994	1,012,287	49,707	1,061,994	-
JTPA-IIA 77%	285198	17.250	975,775	841,500	116,888	958,388	839,623	118,765	958,388	-
JTPA-IIC 82%	286198	17.250	259,315	244,315	-	244,315	217,991	26,324	244,315	-
JTPA-IIC 8%	286298	17.250	94,402	69,229	10,388	79,617	69,229	10,388	79,617	-
JTPA-IIA 5% - Older Worker	282398	17.250	34,725	34,360	(6,848)	27,512	27,137	375	27,512	-
JTPA-Title III EDWAA	288198	17.246	849,626	789,200	(2,357)	786,843	786,519	324	786,843	-
JTPA-IIB SYETP	284199	17.250	1,161,004	970,473	(81,833)	888,640	937,386	(48,746)	888,640	-
Welfare to Work	281298	17.253	1,926,488	1,435,921	423,116	1,859,037	1,435,921	423,116	1,859,037	-
SUBTOTAL CITY GRANTS			\$ 185,167,690	118,229,916	30,292,000	148,521,916	117,056,405	29,867,326	146,923,731	1,598,185

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001**

				REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
	Grant Number	CFDA Number	Budget	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	
CITY SCHOOL DISTRICT GRANTS										
PROJECTS OPEN AS OF JUNE 30, 2001										
DIRECT FEDERAL PROJECTS										
U.S. DEPARTMENT OF EDUCATION:										
IMPACT AID										
G0820 Impact Aid	S041Z-2001-3427	84.040	19,052	-	-	-	-	15,149	15,149	(15,149)
OTHER DIRECT FEDERAL										
G0335 Native American Resource Center	S060A000559	84.060A	41,221	-	37,238	37,238	-	57,919	57,919	(20,681)
G0425 Drug & Violence Prevention	S184K000045	84.184K	790,307	-	241,316	241,316	-	360,162	360,162	(118,846)
G0608-678 Federal Magnet Schools Assistance	S165A980003	84.165A	2,666,902	-	1,020,959	1,020,959	-	1,908,668	1,908,668	(887,709)
G0741 National School To Work UROG	U-6378-7-00-88-60	17.249	227,411	-	127,594	127,594	-	212,197	212,197	(84,603)
G0742 Rochester School to Work Event	34-TAT-001-96	---	8,300	-	-	-	-	6,292	6,292	(6,292)
FEDERAL FLOW THROUGH PROJECTS										
ECIA BLOCK GRANTS										
G0130-140 Title VI	0002-01-1395	84.298A	620,750	-	415,109	415,109	-	513,111	513,111	(98,002)
G0197 Title I Even Start	0024-01-1396	84.213C	218,400	-	100,433	100,433	-	66,219	66,219	34,214
G0202 Title I Non-Public Services	0121-01-1395	84.216A	53,251	-	13,313	13,313	-	53,110	53,110	(39,797)
G0203-298 Title I	0021-01-1395	84.010A	18,125,671	-	12,144,200	12,144,200	-	16,604,055	16,604,055	(4,459,855)
G0299 Title I School Improvement	0122-00-2505	84.010A	2,500	-	2,377	2,377	-	2,323	2,323	54
G0300 Title I Improvement/Choice	---	---	145,538	-	-	-	-	120	120	(120)
SAFE & DRUG FREE SCHOOLS										
G0450 Safe & Drug Free Schools & Communities	0180-01-1395	84.186A	457,632	-	257,368	257,368	-	257,771	257,771	(403)
ADULT BASIC EDUCATION										
G0722 Adult Education Act	2338-01-4015	84.002A	298,507	-	59,701	59,701	-	309,262	309,262	(249,561)
G0777 WIA, Title II, Workplace Literacy	2338-01-0133	84.002A	50,000	-	45,000	45,000	-	493	493	44,507
EDUCATION FOR HANDICAPPED										
G0190 VESID Grant	0031-01-1200	84.027A	166,625	-	25,000	25,000	-	21,284	21,284	3,716
G0305 Support Services Handicapped	0032-01-0370	84.027A	5,378,831	-	2,612,355	2,612,355	-	4,958,837	4,958,837	(2,346,482)
G0310 SETRC	0031-01-9909	84.027A	453,842	-	370,211	370,211	-	353,112	353,112	17,099
G0340 Pre-School Handicapped	0033-01-0370	84.173A	298,848	-	108,742	108,742	-	258,818	258,818	(150,076)
G0390 Pre-School Administration	0232-01-0370	84.173A	170,520	-	114,696	114,696	-	142,470	142,470	(27,774)
G0586 Medicaid Grant	0031-01-4016	84.027A	25,000	-	22,456	22,456	-	25,530	25,530	(3,074)
VOCATIONAL EDUCATION										
G0707 VATEA / Secondary Formula	8000-01-0024	84.048A	500,370	-	334,725	334,725	-	456,990	456,990	(122,265)
G0754 VATEA / Adult Formula	8000-01-9020	84.048A	419,780	-	348,418	348,418	-	346,768	346,768	1,650
OTHER FEDERAL FLOW THROUGH STATE										
G0180 ESEA Title II DDW / Math-Science	0130-01-1395	84.281A	520,808	-	312,294	312,294	-	290,038	290,038	22,256
G0185 Comprehensive School Reform Program	0223-01-1215	84.332A	537,210	-	483,489	483,489	-	523,705	523,705	(40,216)
G0189 High Schools That Work	0223-01-5002	84.332A	106,880	-	61,990	61,990	-	69,089	69,089	(7,099)
G0332 Goals 2000 - Professional Development	0275-01-6021	84.276A	700,000	-	468,317	468,317	-	408,829	408,829	59,488
G0336 Learn & Serve America @ #36	0270-01-0040	94.001	24,000	-	19,184	19,184	-	12,650	12,650	6,534
G0337 Learn & Serve Regional Network @ #36	0270-01-0040	94.001	18,500	-	-	-	-	6,948	6,948	(6,948)
G0342 Title III Tech Literacy Challenge	0272-01-0030	84.318X	585,000	-	455,078	455,078	-	534,363	534,363	(79,285)
G0346 Library Services	0070-01-0021	45.310	19,338	-	3,867	3,867	-	7,298	7,298	(3,431)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	
OTHER FEDERAL FLOW THROUGH STATE (cont.)										
G0360 Homeless Children	0212-01-1395	84.196A	50,000	-	25,000	25,000	-	16,553	16,553	8,447
G0465 Refugee Children School Impact	0083-01-2011	93.576	67,073	-	38,250	38,250	-	27,702	27,702	10,548
G0719 EDGE Welfare To Work	0298-02-9008	93.558	345,580	-	-	-	-	148,182	148,182	(148,182)
G0740 School to Work Transition	0091-01-1395	84.278B	75,000	-	67,368	67,368	-	32,969	32,969	34,399
G0830 Federal Early Grade Class Size Reduction	0117-01-1395	84.340	2,566,527	-	1,684,956	1,684,956	-	2,443,591	2,443,591	(758,635)
OTHER INDIRECT FEDERAL										
G0705 Rochester Regional Transition Site	---		2,000	-	2,000	2,000	-	1,642	1,642	358
G0727 Refugee Assistance	---		58,500	-	15,252	15,252	-	45,174	45,174	(29,922)
G0731 MCC Tech Prep	---		32,500	-	32,534	32,534	-	30,835	30,835	1,699
G0744 JTPA Youth Development Program	---		50,000	-	-	-	-	-	-	-
G0746 Early Head Start	---		341,423	-	-	-	-	54,885	54,885	(54,885)
G0795 GED Outreach	---		25,000	-	-	-	-	15,351	15,351	(15,351)
PROJECTS CLOSED AS OF JUNE 30, 2001										
DIRECT FEDERAL PROJECTS										
U.S. DEPARTMENT OF EDUCATION:										
IMPACT AID										
F820 Impact Aid	S041Z-2000-3427	84.040	19,052	19,053	-	19,053	17,811	1,241	19,053	-
OTHER DIRECT FEDERAL										
F335 Native American Resource Center	S060A990559	84.060A	41,435	12,771	28,664	41,435	42,489	(1,054)	41,435	-
F608-678 Federal Magnet Schools Assistance	S165A980003	84.165A	2,290,990	-	2,059,391	2,059,391	1,362,656	696,736	2,059,391	-
F741 National School To Work - UROG	U-6378-7-00-88-60	17.249	356,180	171,434	184,746	356,180	294,066	62,114	356,180	-
FEDERAL FLOW THROUGH PROJECTS										
ECIA BLOCK GRANTS										
F130-140 Title VI	0002-00-1395	84.298A	526,236	386,353	106,502	492,855	467,061	25,794	492,855	-
F202 Title I - Non Public Services	0122-00-6011	84.010A	5,000	-	5,000	5,000	-	5,000	5,000	-
F203-298 Title I	0121-00-1395	84.216A	139,755	34,334	98,628	132,962	132,197	765	132,962	-
SAFE & DRUG FREE SCHOOLS	0021-00-1395	84.010A	19,118,614	13,336,374	4,699,791	18,036,165	16,425,995	1,610,170	18,036,165	-
F450 Safe & Drug Free Schools/Communities										
ADULT BASIC EDUCATION	0180-00-1395	84.186A	465,949	198,757	208,970	407,727	258,663	149,064	407,727	-
F722 Adult Education Act										
EDUCATION FOR HANDICAPPED	2338-00-0133	84.002A	239,505	190,338	42,716	233,054	223,668	9,386	233,054	-
F190 Good First Teaching of Reading										
F305 Support Services Handicapped	0031-00-1200	84.027A	125,000	25,000	100,000	125,000	7,311	117,689	125,000	-
F310 SETRC	0032-00-0370	84.027A	4,053,772	2,500,460	681,259	3,181,719	3,133,178	48,541	3,181,719	-
F340 Pre-School Handicapped	0031-00-9909	84.027A	451,188	276,996	90,809	367,805	360,660	7,145	367,805	-
F390 Pre-School Administration	0033-00-0370	84.173A	379,959	283,101	54,036	337,137	332,427	4,710	337,137	-
F586 Medicaid Grant	0232-00-0370	84.173A	200,189	138,845	25,514	164,359	164,360	(1)	164,359	-
VOCATIONAL EDUCATION	0031-00-4016	84.027A	24,998	13,411	(2,304)	11,107	17,661	(6,554)	11,107	-
F707 VATEA / Secondary Formula										
F754 VATEA / Adult Formula	8000-00-0024	84.048A	496,084	291,231	142,185	433,416	439,321	(5,905)	433,416	-
	8000-00-9020	84.048A	407,161	366,444	40,717	407,161	464,446	(57,285)	407,161	-

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	
OTHER FEDERAL FLOW THROUGH STATE										
F180 EESA Title II DDW / Math-Science	0130-00-1395	84.281A	441,731	535,914	(167,189)	368,725	190,117	178,608	368,725	-
F185 Comprehensive School Reform Program	0223-00-1215	84.332A	616,934	405,892	190,894	596,786	573,967	22,819	596,786	-
F326 Pre-K Thru Grade Six Literacy Program	0136-00-0003	84.281A	65,000	54,425	2,942	57,367	64,679	(7,312)	57,367	-
F332 Goals 2000 - Professional Development	0275-00-0025	84.276A	1,600,000	284,663	1,206,087	1,490,750	470,408	1,020,342	1,490,750	-
F336 Learn @ Serve America @ #36	0270-00-0040	94.001	35,000	4,000	18,558	22,558	23,533	(975)	22,558	-
F342 Title III Tech Literacy Challenge	0272-00-0030	84.318X	560,000	384,149	162,372	546,521	516,511	30,010	546,521	-
F346 Library Services	0070-00-0037	45.310	30,000	6,000	23,807	29,807	4,922	24,885	29,807	-
F360 Homeless Children	0212-00-1395	84.196A	50,000	10,000	40,000	50,000	10,256	39,744	50,000	-
F465 Refugee Children School Impact	0083-00-2011	93.576	51,000	10,200	33,495	43,695	42,244	1,451	43,695	-
F719 EDGE Welfare To Work	0298-01-9008	93.558	341,088	-	341,088	341,088	173,096	167,992	341,088	-
F740 School to Work Transition	0091-00-1395	84.278B	75,000	64,679	10,321	75,000	83,962	(8,962)	75,000	-
F830 Federal Early Grade Class Size Reduction	0117-00-1395	84.340	2,376,000	822,055	1,554,343	2,376,398	2,339,266	37,132	2,376,398	-
OTHER INDIRECT FEDERAL										
F306 Urban Inclusive Teacher Corps	---		12,000	12,000	(4,010)	7,990	7,990	-	7,990	-
F357 Rochester Regional Library Council	---		9,750	9,750	-	9,750	9,753	(3)	9,750	-
F705 Rochester Regional Transition Site	---		2,000	2,000	-	2,000	2,002	(2)	2,000	-
F717 EDGE Partnership Grant	---		24,000	24,000	-	24,000	25,605	(1,605)	24,000	-
F727 Refugee Assistance	---		45,350	29,478	15,873	45,350	39,578	5,772	45,350	-
F731 MCC Tech Prep	---		16,349	16,349	-	16,349	13,679	2,670	16,349	-
F734 JTPA Summer Law Preparaion	---		18,000	-	12,941	12,941	-	12,941	12,941	-
F744 JTPA Youth Devel. Program	---		51,075	-	40,653	40,653	-	40,653	40,653	-
F746 Early Head Start	---		344,483	-	342,774	342,774	56,799	285,975	342,774	-
F747 Early Head Start	---		57,390	-	-	-	42,351	(42,351)	-	-
F749 Citizenship Initative Program	---		4,200	1,050	2,750	3,800	-	3,800	3,800	-
F752 JTPA World of Work	---		35,000	-	33,900	33,900	33,889	11	33,900	-
SCHOOL FOOD SERVICE FUND:										
U.S. DEPARTMENT OF AGRICULTURE	--	10.555	11,846,834	-	11,846,834	11,846,834	-	11,846,834	11,846,834	-
TOTAL SCHOOL DISTRICT GRANTS			\$ 85,313,849	20,921,506	46,345,847	67,267,353	28,868,579	47,928,449	76,797,027	(9,529,675)
TOTAL CITY GRANTS			\$ 185,167,690	118,229,916	30,292,000	148,521,916	117,056,405	29,867,326	146,923,731	1,598,185
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS			\$ 270,481,539	139,151,422	76,637,847	215,789,269	145,924,984	77,795,775	223,720,758	(7,931,490)

CITY OF ROCHESTER, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001

1. General - The accompanying Schedule of Expenditures of Federal Awards represents the activity of all federal programs of the City of Rochester, New York . The City of Rochester reporting entity is defined in Note 1 to the City's general purpose financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.
2. Basis of Accounting - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 2 to the City's general purpose financial statements.
3. Relationship to Federal Financial Reports. Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.
4. Other. Negative revenues are a result of program closeout, or a reduction in the reserve for encumbrances.

CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2001

PART I – SUMMARY OF AUDITOR’S RESULTS

1. The independent auditors’ report on the financial statements expressed an unqualified opinion, with a disclaimer of opinion with respect to the statistical data on pages 70-81 and the Schedule of Expenditures of NYS and Other Awards and Summary of Financial Assistance on pages 96-102.
2. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
3. The independent auditors’ report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
4. The audit disclosed no findings required to be reported by OMB Circular A-133.
5. The Organization’s major programs were:

Name of Federal Program Cluster	CFDA Number
U.S. Department of Housing and Urban Development	
Community Development Block Grant (CDBG)	14.218
U.S. Department of Transportation	
Highway Planning and Construction	20.205
U.S. Department of Education	
Federal Magnet School Assistance	84.165
Title I	84.010
Federal Early Grade Class Size Reduction	84.340

6. A threshold of \$2,333,873 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
7. The Organization qualified as a low-risk auditee as that term is defined in OMB A-133.

PART II – FINANCIAL STATEMENT FINDINGS SECTION

Reference Number	Findings	Questioned Costs
	No matters are reportable	

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

Reference Number	Findings	Questioned Costs
	No matters are reportable	

CITY OF ROCHESTER, NEW YORK

**SCHEDULE OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2001**

There were no findings in the prior year.

New York State & Other Awards

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2001

			REVENUES				EXPENDITURES			Net (Accrued) Deferred Revenue
	Grant Number	Budget	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001		
CITY GRANTS										
STATE OF NEW YORK:										
DIV. OF CRIMINAL JUSTICE SERVICE:										
JJAIBG Restorative Justice	C-520630	\$ 84,776	\$ 14,858	\$ 66,893	\$ 81,751	\$ 14,858	\$ 66,893	\$ 81,751	\$ -	
JJAIBG Restorative Justice	C-520632	74,180	-	14,962	14,962	-	14,962	14,962	-	
Aid to Law Enforcement 99-00	C-008056	464,353	100,000	364,353	464,353	100,000	364,353	464,353	-	
Motor Vehicle Theft	C-016700	190,000	135,349	40,729	176,078	135,349	40,729	176,078	-	
Stop Violence Against Women	C-554633	108,750	-	24,390	24,390	-	24,390	24,390	-	
Stop Violence Against Women	C-554632	108,750	58,444	50,306	108,750	58,444	50,306	108,750	-	
DEPT. OF ENVIRONMENTAL CONSERVATION:										
Hazardous Waste Cleanup	C-300037	4,572,923	3,540,386	-	3,540,386	4,558,696	-	4,558,696	(1,018,310)	
APCO Remediation	C-300441	142,500	125,682	12,688	138,370	124,692	17,808	142,500	(4,130)	
APCO Cleanup	C-300944	1,490,969	232,718	-	232,718	232,718	163,201	395,919	(163,201)	
Phototech Cleanup	C-300947	123,800	-	113,328	113,328	-	123,800	123,800	(10,472)	
Genesee River Trail Extension	C-300907	20,000	-	20,000	20,000	-	20,000	20,000	-	
Municipal Waste Reduction	C-301416	122,173	-	122,173	122,173	-	122,173	122,173	-	
DEPARTMENT OF TRANSPORTATION:										
Buffalo Road/West Avenue - 4512.19	C950401	600,000	324,182	-	324,182	324,182	-	324,182	-	
Buffalo Road/West Avenue - 4512.19	D010729	715,200	627,513	-	627,513	627,513	-	627,513	-	
Goodman Street - 4751.98	D010694	525,150	450,351	-	450,351	445,167	-	445,167	5,184	
ADA Sidewalks - 4752.39	D009740	370,500	370,500	-	370,500	370,500	-	370,500	-	
Broad Street Tunnel - 4751.87	D009279	191,250	66,201	3,616	69,817	68,071	1,746	69,817	-	
Court Street Bridge - 4752.13	D010724	82,750	83,000	(250)	82,750	83,000	(250)	82,750	-	
Ford Street Bridge - 4752.52	D011399	1,609,000	76,225	943,067	1,019,292	76,225	943,067	1,019,292	-	
Lake Avenue - 4752.49	D011414	148,950	58,890	34,759	93,649	58,890	34,759	93,649	-	
Plymouth Avenue - 4942.G2	D011368	3,157,500	2,603,925	350,763	2,954,688	2,603,925	350,763	2,954,688	-	
St. Paul Street/ Inner Loop - 4752.34	D010735	67,650	50,818	(178)	50,640	50,818	(178)	50,640	-	
Dewey Avenue	D011509	252,000	213,000	18,612	231,612	241,159	(9,547)	231,612	-	
PL - 2000-01	D125071	127,000	-	93,478	93,478	-	93,478	93,478	-	
Cascade Historic District	A205	1,000,000	925,583	74,417	1,000,000	925,583	74,417	1,000,000	-	
N. Union Street/Public Market	A217	290,000	24,127	265,873	290,000	28,199	261,801	290,000	-	
Lake Avenue/ Beach-Stutson	A332	700,000	144,215	555,785	700,000	144,215	555,785	700,000	-	
Plymouth Avenue	A333	500,000	500,000	-	500,000	448,450	51,550	500,000	-	
Sidewalk curb Ramps	A210	300,000	203,458	96,542	300,000	203,458	96,542	300,000	-	
Port of Rochester	A334	1,000,000	192,079	163,053	355,132	192,079	163,053	355,132	-	
Com Hill Trail	C0005860	20,000	-	20,000	20,000	-	20,000	20,000	-	
Com Hill Trail	C0005796	80,000	-	80,000	80,000	-	80,000	80,000	-	
Charlotte Port	A	1,000,000	-	-	-	-	-	-	-	
Elmwood Avenue	A215	200,000	-	185,000	185,000	-	185,000	185,000	-	
Lower Falls Trail	A215	210,000	-	200,382	200,382	-	200,382	200,382	-	
West Ridge Road	D013560	309,000	-	12,127	12,127	-	12,127	12,127	-	
Port of Rochester	D013858	394,000	-	136,690	136,690	-	136,690	136,690	-	

(continued)

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2001

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	
DEPT. OF SOCIAL SERVICES:									
Adolescent Pregnancy 98-99	C008250	322,130	321,867	263	322,130	322,130	-	322,130	-
Adolescent Pregnancy 99-00	C008250	319,696	163,071	144,745	307,816	131,137	168,303	299,440	8,376
Adolescent Pregnancy 00-01	C008250	186,489	-	144,801	144,801	-	145,360	145,360	(559)
CRIME VICTIMS BOARD:									
Victims Assistance 99-00	C-987081	225,400	225,400	(3,090)	222,310	215,765	-	215,765	6,545
Victims Assistance 00-01	C-207017	294,750	-	235,800	235,800	-	223,505	223,505	12,295
DEPARTMENT OF MOTOR VEHICLES									
Seat Belt Enforcement	PT-2801031	45,000	-	45,000	45,000	-	45,000	45,000	-
Seat Belt Enforcement	PT-2801032	50,000	-	8,206	8,206	-	8,206	8,206	-
URBAN DEVELOPMENT CORPORATION:									
Lyell Avenue	C4436	100,000	41,798	15,000	56,798	41,132	15,000	56,132	666
HOUSING TRUST FUND CORPORATION:									
Low Income Rental	94000912	1,500,000	1,320,360	179,640	1,500,000	1,320,360	179,640	1,500,000	-
DEPARTMENT OF EDUCATION:									
Records Management	05800/0167	75,000	-	74,801	74,801	-	74,801	74,801	-
AFFORDABLE HOUSING CORP.:									
Affordable Housing	AHC-901-K	200,000	130,435	26,087	156,522	156,522	-	156,522	-
Affordable Housing	AHC-913-I	517,500	-	135,000	135,000	-	157,500	157,500	(22,500)
Affordable Housing	AHC-805-N	495,000	355,540	67,500	423,040	378,040	45,000	423,040	-
DEPARTMENT OF LABOR									
Welfare to Work	282,598	481,622	465,939	90,028	555,967	465,939	90,028	555,967	-
SUBTOTAL CITY GRANTS (EXCLUDING PASS THROUGH)		\$ 26,165,711	14,145,914	5,227,339	19,373,253	15,147,216	5,412,143	20,559,359	(1,186,106)

CITY SCHOOL DISTRICT GRANTS

PROJECTS OPEN AS OF JUNE 30, 2001

STATE OF NEW YORK:									
G0010 Teacher Support Aid	0646-01-1395	1,076,000	-	893,080	893,080	-	1,076,155	1,076,155	(183,075)
G0020 Improving Pupil Performance	0621-01-1395	6,950,000	-	5,768,500	5,768,500	-	6,671,175	6,671,175	(902,675)
G0023 Universal Pre-K	0409-01-1094	5,024,000	-	4,521,600	4,521,600	-	4,363,501	4,363,501	158,099
G0025 CIMS	0609-01-1395	40,625	-	20,312	20,312	-	33,900	33,900	(13,588)
G0031-035 Employee Preparation Education	---	7,952,414	-	1,697,443	1,697,443	-	7,609,652	7,609,652	(5,912,209)
G0038 State Magnet School Program	0634-01-1395	11,000,000	-	9,130,000	9,130,000	-	11,022,952	11,022,952	(1,892,952)
G0041 Incarcerated Youth	---	1,450,000	-	477,224	477,224	-	1,042,072	1,042,072	(564,848)
G0045 Categorical Reading	0629-01-1395	5,500,000	-	4,565,000	4,565,000	-	5,224,231	5,224,231	(659,231)
G0050-080 Summer Program	9000	2,809,935	-	1,999,626	1,999,626	-	3,521,309	3,521,309	(1,521,682)
G0055 Early Grade Class Size Reduction	0417-01-0092	5,254,672	-	3,612,909	3,612,909	-	4,847,608	4,847,608	(1,234,699)
G0085 NYS Experimental Pre-K Program	0400-01-1395	1,275,022	-	1,050,563	1,050,563	-	1,289,127	1,289,127	(238,564)
G0090 Minor Maintenance	---	447,089	-	-	-	-	459,620	459,620	(459,620)
G0124 Learning Technology Grant @ Wilson	0647-01-0110	49,991	-	44,991	44,991	-	48,444	48,444	(3,453)

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2001**

			REVENUES			EXPENDITURES			Net
	Grant		Cumulative	Current	Cumulative	Cumulative	Current	Cumulative	(Accrued)
	Number	Budget	June 30, 2000	Year	June 30, 2001	June 30, 2000	Year	June 30, 2001	Deferred Revenue
STATE OF NEW YORK (continued):									
G0343 Post School Indicators Longitudinal Study	---	7,000	-	3,500	3,500	-	2,786	2,786	714
G0345 Rochester Teacher Center	0425-01-0081	457,463	-	227,804	227,804	-	435,761	435,761	(207,957)
G0347 Mentor Teacher Internship Program	0663-01-0033	311,000	-	207,500	207,500	-	318,962	318,962	(111,462)
G0350 Rochester School Library Systems	0365-01-0046 & 1046	102,431	-	102,646	102,646	-	97,698	97,698	4,948
G0351 Extended School Day & Violence Prevention	0640-01-1395	826,847	-	495,771	495,771	-	737,713	737,713	(241,942)
G0352 School Library System Aid for Automation	0364-01-0046 & 1046	26,673	-	26,673	26,673	-	15,610	15,610	11,063
G0353 School Library System Categorical Aid - Rollover	0365-00-0046 & 1046	4,693	-	4,693	4,693	-	4,835	4,835	(142)
G0354 School Library System Aid for Automation - Rollover	0364-00-0046 & 1046	120	-	120	120	-	330	330	(210)
G0365 Pre-K Health Grant	0400-01-7007	38,600	-	34,740	34,740	-	38,475	38,475	(3,735)
G0400 Youth at Risk	0610-01-1395	59,883	-	53,894	53,894	-	59,110	59,110	(5,216)
G0405 Bilingual Education	0635-01-1065	27,084	-	24,375	24,375	-	25,706	25,706	(1,331)
G0420 Child Abduction Prevention	0544-01-1395	24,790	-	22,311	22,311	-	24,147	24,147	(1,836)
G0421 Bilingual Education @ Jefferson	0635-01-1064	28,245	-	25,420	25,420	-	14,336	14,336	11,084
G0422 Bilingual Education @ School #22	0635-01-1507	29,951	-	26,955	26,955	-	27,383	27,383	(428)
G0460 Project STARS	0635-01-7001	60,000	-	54,000	54,000	-	46,168	46,168	7,832
G0464 Learning Technology Grant @ Edison	0647-01-0107	50,000	-	45,000	45,000	-	40,014	40,014	4,986
G0490 SPED Secondary Transition Mini Grant	---	5,136	-	5,134	5,134	-	9,650	9,650	(4,516)
G0500 Targeted Instructional Staff Development	0423-01-0013	225,000	-	112,482	112,482	-	227,122	227,122	(114,640)
G0720 Welfare Education	2396-01-0133	18,280	-	16,452	16,452	-	20,149	20,149	(3,697)
G0724 Schools as Community Sites	0616-01-1395	200,000	-	166,000	166,000	-	177,211	177,211	(11,211)
G0750 SURR Grant @ Freddie Thomas	0436-01-0010	75,000	-	37,500	37,500	-	54,231	54,231	(16,731)
G0751 SURR Grant @ Lofton	0436-01-0007	75,000	-	61,431	61,431	-	64,006	64,006	(2,575)
G0764 ARSIP / Apprenticeship	0140-01-0024	163,010	-	163,010	163,010	-	152,313	152,313	10,697
G0791 EDGE After School Program	2267-02-6005	15,000	-	-	-	-	447	447	(447)
G0792 EDGE Support Services	2267-02-6004	120,000	-	-	-	-	-	-	-
G0794 EDGE Literacy/Work Preparedness, Pregnant Teens	2267-02-6003	100,000	-	-	-	-	32,931	32,931	(32,931)
G0796 Built on Pride	---	204,941	-	-	-	-	71,954	71,954	(71,954)
G0825 Teachers of Tomorrow	0644-01-0012	2,570,300	-	1,622,899	1,622,899	-	2,476,284	2,476,284	(853,385)
COUNTY PROJECTS:									
G0154 OASAS	---	26,205	-	13,102	13,102	-	15,408	15,408	(2,306)
G0315 Center Based Program	---	395,318	-	34,331	34,331	-	80,076	80,076	(45,745)
G0316 Diagnostic Outreach Team	---	433,891	-	94,272	94,272	-	142,527	142,527	(48,255)
G0317 Pre-School Integrated / Handicapped	---	1,001,907	-	795,200	795,200	-	913,629	913,629	(118,429)
G0370 Community Pre-School Related Services	---	539,681	-	292,990	292,990	-	431,283	431,283	(138,293)
G0375 Special Education / Itinerant Teachers	---	83,200	-	63,025	63,025	-	50,944	50,944	12,081
G0381 John Tiby Memorial Garden	---	1,000	-	-	-	-	-	-	-
G0391 Pre-School Administration / County	---	237,650	-	-	-	-	235,877	235,877	(235,877)
G0395 Education Specialist	---	63,526	-	-	-	-	31,102	31,102	(31,102)
G0725 Family Learning Center / Day Care	433-99	470,279	-	111,810	111,810	-	451,588	451,588	(339,778)
G0790 Learnfare	---	107,625	-	-	-	-	46,824	46,824	(46,824)

(continued)

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2001

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	
PRIVATE PROJECTS:									
G0150 Harcourt Brace Math Project	---	100,000	-	75,000	75,000	-	85,561	85,561	(10,561)
G0165 American Sign Language - BOCES	---	9,000	-	9,000	9,000	-	9,547	9,547	(547)
G0302 Parent Empowerment Program	---	8,073	-	8,073	8,073	-	1,904	1,904	6,169
G0303 PMHP Support	---	7,000	-	-	-	-	7,477	7,477	(7,477)
G0304 Rochester Early Enhancement Program	---	222,041	-	185,030	185,030	-	167,207	167,207	17,823
G0313 School #12 United Way	---	38,415	-	35,828	35,828	-	53,528	53,528	(17,700)
G0319 Urban Families and Reading	---	2,000	-	1,000	1,000	-	1,487	1,487	(487)
G0321 Urban Families and Reading - NCTE	---	2,300	-	1,610	1,610	-	2,173	2,173	(563)
G0322 Unitarian Universalist Partnership	---	2,000	-	2,000	2,000	-	1,931	1,931	69
G0339 Secret Garden	---	2,000	-	-	-	-	2,000	2,000	(2,000)
G0380 Youth Tobacco Initiative	---	4,775	-	4,775	4,775	-	2,988	2,988	1,787
G0512 Primary Project / Resilience	---	28,656	-	19,507	19,507	-	28,914	28,914	(9,406)
G0513 Primary Mental Health Project / #43 & 44	---	55,000	-	36,666	36,666	-	93,655	93,655	(56,989)
G0514 PMHP Expansion / #25 & 29	---	15,600	-	10,000	10,000	-	14,364	14,364	(4,364)
G0541 JCPenney Family Academy of Science	---	5,000	-	5,000	5,000	-	4,954	4,954	46
G0585 Superintendent / Public Engagement	---	15,000	-	15,000	15,000	-	-	-	15,000
G0703 Rochester General Hospital Foundation	---	240,000	-	24,584	24,584	-	60,027	60,027	(35,444)
G0730 Chase Active Learning	---	15,000	-	16,184	16,184	-	9,040	9,040	7,144
G0734 JTPA Summer Law Preparation	---	3,226	-	-	-	-	-	-	-
G0760 Chase Active Learning - Rollover	---	1,184	-	-	-	-	-	-	-
G0763 Citibank - Academies of Finance	---	8,000	-	8,000	8,000	-	-	-	8,000
G0770 UAW Local 1097 Delphi	BU0901	81,204	-	-	-	-	-	-	-
G0774 Workplace Literacy	---	151,900	-	103,026	103,026	-	217,275	217,275	(114,249)
G0775 Rochester Industries / Workplace Literacy	---	259,000	-	155,922	155,922	-	254,084	254,084	(98,162)
G0776 U of R Strong Memorial Workplace Literacy	---	55,875	-	2,205	2,205	-	8,689	8,689	(6,484)
G0783 MCC GED	---	12,000	-	-	-	-	8,759	8,759	(8,759)
G0784 Remedial Education - ESOL	---	5,000	-	-	-	-	6,194	6,194	(6,194)
G0787 Toyota Families in School Program	---	50,000	-	50,000	50,000	-	49,051	49,051	949
G0789 TAG Program	---	25,000	-	13,425	13,425	-	838	838	12,587
G0797 Good Grades Pay	---	134,845	-	-	-	-	-	-	-
G0798 RIT Math/Engineering Camp	---	3,240	-	-	-	-	-	-	-
PROJECTS CLOSED AS OF JUNE 30, 2001									
STATE OF NEW YORK:									
F010 Teacher Support Aid	0646-00-1395	1,076,000	538,000	538,000	1,076,000	1,257,986	(181,986)	1,076,000	-
F020 Improving Pupil Performance	0621-00-1395	6,950,000	5,513,138	1,436,862	6,950,000	6,814,900	135,100	6,950,000	-
F0023 Universal Pre-K	0409-00-1094	4,632,000	1,880,920	1,577,361	3,458,281	3,568,695	(110,414)	3,458,281	-
F031-035 Employee Preparation Education	---	7,952,414	1,414,186	5,476,066	6,890,252	6,881,356	8,896	6,890,252	-
F038 State Magnet School Program	0634-00-1395	11,000,000	9,155,211	1,844,789	11,000,000	11,176,821	(176,821)	11,000,000	-
F045 Categorical Reading	0629-00-1395	5,500,000	3,600,921	1,899,079	5,500,000	5,405,289	94,711	5,500,000	-
F050-080 Summer Program	9000	2,809,935	2,703,858	73,126	2,776,985	3,065,916	(288,931)	2,776,985	-
F055 Early Grade Class Size Reduction	0417-00-0092	2,627,290	691,837	1,651,814	2,343,651	2,360,748	(17,097)	2,343,651	-
F085 NYS Experimental Pre-K Program	0400-00-1395	1,282,522	916,078	349,660	1,265,738	1,265,896	(158)	1,265,738	-
F090 Minor Maintenance	---	448,256	-	448,256	448,256	456,448	(8,192)	448,256	-
F102 Special Legislative Project	7352-00-0001	2,000	500	1,410	1,910	1,426	484	1,910	-
F345 Rochester Teacher Center	0425-00-0081	275,000	140,742	94,447	235,189	236,297	(1,108)	235,189	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2001**

			REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
	Grant Number	Budget	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	
STATE OF NEW YORK (continued):									
F350 Rochester School Library Systems	0365-00-0046&1046	98,984	98,984	(4,693)	94,291	94,291	-	94,291	-
F351 Extended School Day & Violence Prevention	0640-00-1395	589,835	201,560	306,333	507,893	508,270	(377)	507,893	-
F352 School Library System Aid for Automation	0364-00-0046&1046	9,898	9,898	(120)	9,778	9,778	-	9,778	-
F353 School Library System Categorical Aid	0365-99-0046&1046	4,734	4,734	-	4,734	4,725	9	4,734	-
F354 School Library System Aid for Automation	0364-99-0046&1046	2,713	2,713	-	2,713	2,223	490	2,713	-
F356 Harvard - Effective Schools	0435-00-6003	1,835	1,835	-	1,835	1,835	-	1,835	-
F365 Pre-K Health Grant	0400-00-8007	38,600	-	30,990	30,990	31,821	(831)	30,990	-
F400 Youth at Risk	0610-00-1395	60,000	43,499	16,501	60,000	60,277	(277)	60,000	-
F420 Bilingual EXCEL @ Charlotte	0544-00-1395	25,000	5,000	20,000	25,000	25,391	(391)	25,000	-
F451 Learning Technology @ Wilson	0647-00-0106	50,000	25,000	23,044	48,044	46,643	1,401	48,044	-
F460 Project STARS	0635-00-7001	84,248	42,124	31,077	73,201	73,202	(1)	73,201	-
F463 Learning Technology Grant	0647-00-0110	50,000	25,000	18,579	43,579	43,579	(0)	43,579	-
F720 Welfare Education	2396-00-0133	48,400	40,512	7,888	48,400	49,363	(963)	48,400	-
F724 Schools as Community Sites	0616-00-1395	200,000	143,564	47,979	191,543	191,543	0	191,543	-
F751 Lofton SURR	0436-00-9903	75,000	24,194	-	24,194	32,250	(8,056)	24,194	-
F764 ARSIP / Apprenticeship	0140-00-0024	167,389	167,389	-	167,389	152,417	14,972	167,389	-
F774 Workplace Literacy	0605-00-0017	151,900	115,443	36,457	151,900	149,266	2,634	151,900	-
F0791 EDGE After School Program	2267-01-6005	5,000	-	5,000	5,000	151	4,849	5,000	-
F0792 EDGE Support Services	2267-01-6004	120,000	-	120,000	120,000	-	120,000	120,000	-
F0793 EDGE Automotive Skills	2267-01-6006	35,000	-	26,159	26,159	7,763	18,396	26,159	-
F0794 EDGE Literacy/Work Preparedness, Pregnant Teens	2267-01-6003	100,000	-	90,659	90,659	19,490	71,169	90,659	-
				-	-	-	-	-	-
COUNTY PROJECTS:									
F154 OASAS	---	26,076	13,423	12,072	25,495	12,172	13,323	25,495	-
F315 TWIXT	---	410,746	142,446	88,783	231,229	355,013	(123,784)	231,229	-
F316 Diagnostic Outreach Team	---	166,835	71,936	33,896	105,832	400,737	(294,905)	105,832	-
F317 Pre-School Integrated / Handicapped	---	676,883	606,211	64,308	670,520	902,403	(231,883)	670,520	-
F370 Pre-School / Itinerant	---	668,551	257,267	135,705	392,972	476,218	(83,245)	392,972	-
F375 Special Education / Consulting Tr	---	186,002	1,248	12,584	13,832	41,580	(27,748)	13,832	-
F391 Pre-School Admin / County	---	271,562	-	153,480	153,480	250,789	(97,309)	153,480	-
F395 Education Specialist	---	63,500	-	63,500	63,500	37,475	26,025	63,500	-
F725 Family Learning Center / Day Care	433-99	402,175	187,364	27,524	214,888	427,492	(212,604)	214,888	-
F790 Learnfare	---	105,000	-	61,262	61,262	53,431	7,831	61,262	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2001**

			REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
	Grant Number	Budget	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	Cumulative June 30, 2000	Current Year	Cumulative June 30, 2001	
PRIVATE PROJECTS:									
F117 Kodak / High Performance Grant	---	28,917	28,917	-	28,917	-	28,917	28,917	-
F151REAC / TLI @ East	PO#57130	33,700	-	32,760	32,760	19,690	13,070	32,760	-
F152REAC / TLI @ Douglass	PO#57129	11,000	-	10,143	10,143	5,111	5,031	10,143	-
F165 American Sign Language - BOCES	---	9,000	9,000	-	9,000	9,147	(147)	9,000	-
F302 Parent Empowerment Program	---	8,073	7,400	673	8,073	4,785	3,288	8,073	-
F303 SWEEP III	---	26,859	13,401	12,320	25,721	25,721	-	25,721	-
F304 RPPP (REEP)	---	233,727	194,773	(31,571)	163,202	153,233	9,969	163,202	-
F313 School #12 United Way	---	35,820	-	35,828	35,828	39,089	(3,261)	35,828	-
F320 Toyota Tapestry #20	---	10,000	10,000	-	10,000	-	10,000	10,000	-
F322 Unitarian Universalist Partnership	---	2,000	2,000	-	2,000	2,471	(471)	2,000	-
F348 Institute for Museum/Library Services	---	9,260	-	9,260	9,260	-	9,260	9,260	-
F513 Primary Mental Health Project / #43 & 44	---	55,000	24,607	30,393	55,000	59,559	(4,559)	55,000	-
F585 Superintendent / Public Engagement	---	20,000	20,000	-	20,000	1,090	18,910	20,000	-
F703 Rochester General Hospital Foundation	---	140,000	-	74,728	74,728	6,324	68,403	74,728	-
F730 Chase Active Learning	---	13,816	15,000	(1,184)	13,816	13,816	-	13,816	-
F760 Chase Active learning - Rollover	---	2,621	2,621	-	2,621	1,086	1,535	2,621	-
F763 Citibank - Academies of Finance	---	12,500	12,500	-	12,500	2,747	9,753	12,500	-
F770 UAW Local 1097 Region 9	BU0901	81,204	-	53,359	53,359	53,359	(0)	53,359	-
F775 Rochester Industries / Workplace Literacy	---	259,000	118,797	59,186	177,982	223,395	(45,413)	177,982	-
F783 MCC GED	---	7,500	7,500	-	7,500	5,249	2,251	7,500	-
F787 Toyota Families in School Program	---	76,824	76,824	-	76,824	64,748	12,076	76,824	-
SCHOOL FOOD SERVICE FUND:									
N.Y.S. EDUCATION DEPARTMENT	---	555,904	-	555,904	555,904	-	555,904	555,904	-
CITY OF ROCHESTER	---	478,885	-	478,885	478,885	-	478,885	478,885	-
TOTAL SCHOOL DISTRICT GRANTS		111,141,704	29,330,074	57,648,645	86,978,720	47,643,988	55,702,589	103,346,577	(16,367,857)
TOTAL CITY GRANTS		26,165,711	14,145,914	5,227,339	19,373,253	15,147,216	5,412,143	20,559,359	(1,186,106)
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS		\$ 137,307,415	43,475,988	62,875,984	106,351,973	62,791,204	61,114,732	123,905,936	(17,553,963)

Note:

(1) See Schedule of Expenditures of Federal Awards for pass through grants.

**THE CITY OF ROCHESTER, NEW YORK
SUMMARY OF FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Cumulative June 30, 2000</u>	<u>Current Year</u>	<u>Cumulative June 30, 2001</u>	<u>Cumulative June 30, 2000</u>	<u>Current Year</u>	<u>Cumulative June 30, 2001</u>	<u>Net (Accrued) Deferred Revenue</u>
CITY GRANTS								
Schedule of Expenditures of Federal Awards *	\$ 185,167,690	\$ 118,229,916	\$ 30,292,000	\$ 148,521,916	\$ 117,056,405	\$ 29,867,326	\$ 146,923,731	\$ 1,598,185
Schedule of Expenditures of NYS and Other Awards	<u>26,165,711</u>	<u>14,145,914</u>	<u>5,227,339</u>	<u>19,373,253</u>	<u>15,147,216</u>	<u>5,412,143</u>	<u>20,559,359</u>	<u>(1,186,106)</u>
Subtotal City Grants	211,333,401	132,375,830	35,519,339	167,895,169	132,203,621	35,279,469	167,483,090	412,079
CITY SCHOOL DISTRICT GRANTS								
Schedule of Expenditures of Federal Awards *	85,313,849	20,921,506	46,345,847	67,267,353	28,868,579	47,928,449	76,797,027	(9,529,675)
Schedule of Expenditures of NYS and Other Awards	<u>111,141,704</u>	<u>29,330,074</u>	<u>57,648,645</u>	<u>86,978,720</u>	<u>47,643,988</u>	<u>55,702,589</u>	<u>103,346,577</u>	<u>(16,367,857)</u>
Subtotal School District Grants	196,455,553	50,251,580	103,994,492	154,246,072	76,512,566	103,631,038	180,143,604	(25,897,532)
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS	<u>\$ 407,788,954</u>	<u>\$ 182,627,410</u>	<u>\$ 139,513,831</u>	<u>\$ 322,141,241</u>	<u>\$ 208,716,187</u>	<u>\$ 138,910,507</u>	<u>\$ 347,626,694</u>	<u>\$ (25,485,453)</u>

* Includes federal pass through grants received through New York State.

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